

Arab American University
Faculty of Graduate Studies
Department of Administrative and Financial
Sciences
Master Program in Accounting and Auditing



**The Impact of Internal Control System on the
Performance of Palestinian NGOs**

Mohammad Hatem Daoud Naser

202112475

Supervision Committee:
Prof.Dr. Zahran Daraghmeh
Dr. Naser Albedelkarim
Dr.Akram Rahhal

**This Thesis Was Submitted in Partial Fulfillment of the
Requirements for the Master Degree in Accounting &
Auditing**

Palestine, February/2025

© Arab American University. All rights reserved.

Arab American University
Faculty of Graduate Studies
Department of Administrative and Financial
Sciences
Master Program in Accounting and Auditing



Thesis Approval

The Impact of Internal Control System on the Performance of Palestinian NGOS

Mohammad Hatem Daoud Naser

202112475

This thesis was defended successfully on 19 February 2025 and approved by:

Thesis Committee Members:

Name	Title	Signature
1. Prof. Dr. Zahran Daraghme	Main Supervisor	
2. Dr. Naser Abdelkarim	Members of Supervision Committee	
3. Dr. Akram Rahhal	Members of Supervision Committee	


Palestine, Feb/2025

Declaration

I declare that, except where explicit reference is made to the contribution of others, this thesis is substantially my own work and has not been submitted for any other degree at the Arab American University or any other institution.

Student Name: Mohammad Hatem Daoud Naser

Student ID: 202112475

Signature: 

Date of Submitting the Final Version of the Thesis: _3_ / _07_ / 2025

Acknowledgments

I would like to express my heartfelt gratitude and deepest appreciation to everyone who contributed to the successful completion of this thesis.

First and foremost, I extend my sincere thanks to my university family, particularly my supervisor, Professor Zahran "Mohammad Ali" Daraghma, for his invaluable guidance, constructive feedback, and unwavering support throughout my research journey. His expertise and mentorship have been instrumental in shaping this work.

I am also deeply grateful to the faculty members and my colleagues, whose insightful discussions and collaborative spirit have greatly enriched my academic experience. The sense of camaraderie and encouragement within our department has been a constant source of inspiration, motivating me to strive for excellence.

A special note of appreciation goes to my family, whose unwavering support and love have been the foundation of my achievements. To my mother and father, thank you for your sacrifices, wisdom, and constant encouragement that have carried me through every challenge. To my brothers and sisters, especially to my sister Taghreed, thank you for your exceptional support, guidance, and belief in me. Taghreed, your encouragement and inspiration have been a driving force that motivated me to persevere and achieve my goals.

I would also like to thank my friends, who stood by my side during this journey, offering emotional support, understanding, and motivation during the most challenging moments.

Finally, I extend my gratitude to everyone who contributed, in any way, to the completion of this research. Your support and efforts, no matter how big or small, have been invaluable in helping me reach this milestone.

Thank you all from the bottom of my heart.

The Impact of Internal Control System on the Performance of Palestinian NGOs

Mohammad Hatem Daoud Naser

Prof.Dr. Zahran Daraghmeh

Dr. Naser Albedelkarim

Dr.Akram Rahhal

Abstract

The internal control system plays a critical role in enhancing the performance of non-governmental organizations (NGOs). This study aims to examine the impact of internal control systems on the performance of Palestinian NGOs by analyzing how the key characteristics of internal control—namely, the control environment, risk assessment, control activities, information and communication, and monitoring—contribute to their overall performance.

The study focuses on NGOs headquartered in the city of Ramallah, Palestine. The research population comprises 160 NGOs, from which a sample of 45 organizations was selected. To gather data, four employees from each organization were targeted, resulting in a total of 180 distributed questionnaires. Of these, 155 responses were retrieved and analyzed for the study.

This study confirms a positive relationship between internal control systems and NGO performance. Key factors contributing to enhanced performance include a strong control environment, effective oversight activities, robust risk assessment, efficient communication mechanisms, and continuous monitoring. These elements collectively improve transparency, accountability, and operational efficiency in NGOs.

Keywords: Internal Control System, NGO Performance, Risk Assessment, Monitoring and Oversight, Accountability in Nonprofits.

Table of Contents

Declaration.....	I
Acknowledgments	II
Abstract.....	III
List of Tables	VII
List of Appendices	IX
Chapter 1 Introduction	1
1.1 Introduction.....	1
1.2 Statement of the Problem.....	2
1.3 Study Questions	2
1.4 Study Objectives	3
1.5 Significance of the Study	4
1.6 Study Model.....	5
1.7 Study Hypotheses	7
1.8 Operational Definitions.....	7
Chapter 2 Literature Review	11
2.1 Introduction.....	11
2.2 Palestinian NGOs in an International Context:.....	12
2.3 Internal control.....	15
2.4 Components of Internal Control	17
2.4.1 Control Environment	17
2.4.2 Control Activities.....	19
2.4.3 Information and Communication.....	20
2.4.4 Monitoring Activities.....	21
2.5 Internal Controls in NGOs.....	21
Chapter 3 Research Methodology.....	25
3.1 Introduction.....	25
3.2 Population and Sample of the Study.....	25
3.3 Data Collection	25
3.4 Study Tools	26
3.5 Measurement of Variables	26
3.6 Study Variables.....	27

3.7	Statistical Tools.....	29
Chapter 4 Data Analysis and Hypotheses Testing.....		31
4.1	Introduction.....	31
4.2	Diagnostic tests	31
4.2.1	Validity test.....	31
4.2.2	Reliability.....	32
4.3	Descriptive Statistics.....	32
4.3.1	Descriptive Statistics of Personal Data of the Sample.....	33
4.3.2	Descriptive Statistics for the Dimensions of the Study	34
4.3.2.1	Performance of NGOs	35
4.3.2.2	Control Environment in NGOs	37
4.3.2.3	Control Activities in NGOs	38
4.3.2.4	Risk Assessment in NGOs.....	39
4.3.2.5	Information and Communication in NGOs	40
4.3.2.6	Monitoring in NGOs	41
4.4	Multicollinearity Test	42
4.4.1	Correlation matrix.....	42
4.4.2	Multicollinearity Test (variance inflation factor VIF).....	43
4.5	Hypothesis Test.....	44
4.5.1	Model of the impact of an internal control system on the performance of NGOs.....	44
4.5.2	Model of the impact of sub-dimensions internal Control System on the performance of NGOs.....	45
4.5.3	Model of the impact of the control environment dimension on the performance of NGOs.....	46
4.5.4	Model of the impact of control activities dimension on the performance of NGOs.....	48
4.5.5	Model of the impact of risk assessment dimension on the performance of NGOs.....	49
4.5.6	Model of the impact of information and communication dimension on the performance of NGOs.....	50
4.5.7	Model of the impact of monitoring dimension on the performance of NGOs.....	51
Chapter 5 Discussion and Recommendations.....		53
5.1	Introduction.....	53
5.2	The Results	53
5.3	Theoretical Implication.....	54
5.4	Practical Implication	55
5.5	Study Recommendations	55
5.6	Future Research	56
References.....		57

Appendices.....	62
ملخص.....	75

List of Tables

Table (3.1): Five-point Likert scale	27
Table (3.2): Sub-questions that represent the performance dimension	28
Table (3.3): Sub-questions that represent the regulatory environment dimension	28
Table (3.4): Sub-questions that represent the Control Activities dimension	28
Table (3.5): Sub-questions that represent the dimension of the assessed risk	29
Table (3.6): Sub-questions that represent the Information and communication dimension	29
Table (3.7): Sub-questions that represent the Monitoring dimension	29
Table (4.1): Cronbach Alpha Results for Questionnaire	32
Table (4.2): Descriptive statistic of personal data of sample.....	33
Table (4.3): Descriptive statistics for all dimensions of the internal control system in NGOs.....	35
Table (4.4): Descriptive statistics for performance dimension in NGOS.....	36
Table (4.5): Descriptive statistics for the control environment dimension in NGOs	37
Table (4.6): Descriptive statistics for the Control Activities in NGOs.....	38
Table (4.7): Descriptive statistics for the Risk assessment in NGOs	39

Table (4.8): Descriptive statistics for the information and communication in NGOs	40
Table (4.9): Descriptive statistics for the monitoring in NGOs.....	41
Table (4.10): Correlation matrix	43
Table (4.11): Multicollinearity (VIF)	43
Table (4.12): Effect of internal control system on the performance of NGOs	44
Table (4.13): Effect of the sub-dimensions of the internal control system on the performance of NGOs.....	45
Table (4.14): Effect of the control environment dimensions of the internal control system on NOG performance.....	47
Table (4.15): Effect of the control activities dimensions of the internal control system on NOGs performance	48
Table (4.16): Effect of the risk assessment dimensions of the internal control system on NOG performance.....	49
Table (4.17): Effect of the information and communication dimensions of the internal control system on NOG performance	50
Table (4.18): Effect of the follow-up dimensions of the internal control system on NOG performance	51

List of Appendices

Appendix1 Names of the arbitrators	62
Appendix2 Questionnaire	63
Appendix3 Questionnaire Arabic	68

Chapter 1 Introduction

1.1 Introduction

Non-government organizations play a fundamental role in addressing social welfare, health, education, and development issues in society. Established on ethical values, they provide essential services, advocate for the oppressed, and promote international development. NGOs, nevertheless, have a significant challenge, particularly in financial accountability and management of resources.

COSO came out with the widely utilized Internal Control-Integrated Framework to help organizations implement internal controls. Published originally in 1992 and revised in 2013, it offers essential components for organizations, including NGOs. These five elements - control environment, risk assessment, control activities, information and communication, and monitoring - safeguard assets and ensure activities to be in conformity with the organization's objectives. The COSO framework is relevant to NGOs since NGOs have to build donor trust, be transparent, and effectively use resources to accomplish their missions.

Good financial management is critical to NGOs for the realization of their mandates and gaining trust from funders and communities. Ensuring adequate internal control systems is at the heart of resource preservation and accountability. 'Internal controls' are procedures, policies, and methods to prevent abuse of assets and to ensure compliance with the law as part of good business practice (ACFE, 2006; Yakubu et al., 2017). An effective system of internal control protects against fraud and enhances the likelihood of the attainment of an entity's operational objectives in a manner consistent with appropriate policies.

A structured system provides optimum efficiency and minimum risk, aligning activities to the organizational purpose. COSO 2013 conceptualizes internal control as a continuous process to assist an organization in successfully attaining objectives, such as benefiting beneficiaries and managing resources obtained from benefactors in NGOs.

This research explores the link between internal controls and operational performance of Palestinian NGOs in Ramallah

. It connects internal control procedures, financial accountability, and organizational goals to provide insight into the improvement of governance and management of resources in the nonprofit sector.

1.2 Statement of the Problem

Non-government organizations play a vital role in meeting the social welfare, health, education, and development needs of societies. This creates tough issues of fiscal management and fraud control. NGOs utilize donors' funds and foreign donations mainly for project implementation. It is thus necessary that they employ transparency, accountability, and proper utilization of resources so that they can uphold their integrity and achieve their goals.

One of the primary concerns for NGOs is their vulnerability to fraud and financial mismanagement. The ACFE, 2006, recognized that non-profits face a unique risk for fraud, and corruption is a common issue. Other methods like fictitious billing, fraudulent reimbursement, and check tampering contribute to financial mismanagement. This type of fraud incidences has consequences other than financial loss because it reduces public trust and destroys organizational reputations, hence forbidding them from achieving their missions.

An increase in NGO activity in Palestine, documented by MAS and NDC (2011), points to their growing significant role within local development imperatives.

This research aims to answer critical questions: What is the impact of the internal control system on the performance of Palestinian NGOs? How does the control environment affect this performance? How do NGOs detect and assess risks, and what is the impact thereof on their performance? In what ways do internal control systems, segregation of duties, and internal audits affect the performance of Palestinian NGOs? In what ways does the quality and effectiveness of communication channels affect their goal attainment? What are the effects of internal control system performance on Palestinian NGOs?

1.3 Study Questions

Main Research Question

What is the impact of the internal control system on the performance of Palestinian NGOs?

1. How does the control environment influence the performance of Palestinian NGOs?
2. How do Palestinian NGOs identify and assess financial and operational risks, and what is the influence of those risk assessments on their performance?
3. To what degree do control activities, such as financial controls, segregation of duties, and internal audit processes influence the financial and operational performances of Palestinian NGOs?
4. To what degree does the aptitude and efficiency of information and communication systems within the internal controls of the NGOs in Palestine influence goal attainment?
5. How does internal control system influence the performance of the NGO in Palestine?

1.4 Study Objectives

The general objective of this research is to study the relationship between the internal control systems and the effectiveness of the NGOs operating in the State of Palestine, particularly Ramallah governorate. The present study would, therefore, investigate the relationship between internal control measures and organizational outcomes to a better understanding of how best practices in internal controls can strengthen the financial accountability as well as the overall performance of non-governmental organizations.

- Research Objective 1: To identify the control environment factors that influence the performance of the NGOs operating in Palestine.
- Research Objective 2: This seeks to ascertain the way the Palestinian NGOs identify and measure the financial and operating risks and its impact on performance.

- Research Objective 3: This assesses the impact of control activities covering financial controls, segregation of duties, and processes of internal audit on the financial and operational performance of Palestinian NGOs.
- Research Objective 4: This assesses the adequacy and effectiveness of information and communication channels in NGOs and establishes how this impact the achievement of goals and objectives.
- Research Objective 5: This assesses the overall impact of the internal control system on performance in the case of Palestinian NGOs.

1.5 Significance of the Study

The significance of the study is that it could contribute to the existing knowledge of how internal controls can impact the performance, financial accountability, and general efficiency of NGOs operating within the Ramallah governorate in Palestine. Several implications are attached to the findings of this study, which are targeted toward NGOs, donors, policymakers, researchers, and the general community.

- Contribution to NGOs and Organizational Governance: The findings of the research will be applicable to the NGOs operating in the Ramallah governorate as it highlights the importance of the internal control systems to ensure adequate management of the resources, reduction of the fraud activities, and thus maximization of the organizational performance. Bongani (2013) states that the NGOs in Zimbabwe that had an appropriate internal control system saw an improvement in the accountabilities related to finances and their management. Furthermore, Ntongo, 2012 provides evidence that when an internal control system exists then there is better provision of services and also satisfying the donors' requirements.
- Donor Decision-Making: International as well as local donors, hugely contribute to providing funds for the program and operation of NGOs. The results of the current study can be utilized by the donors to understand how internal control systems affect proper utilisation of the funds and accomplishment of the aims of the projects. The donors can then make decisions more consciously and be assured that their resources are well utilized to maximize the intended output received (Krishnan, 2005).

➤ **Policy Implications:** Such findings might be used by policymakers and regulatory authorities in Palestine to realize how vital the internal control system is in facilitating financial accountability and reducing fraudulent cases among NGOs. The study can be used in developing or improving policies and directives which will ensure NGOs adopt good internal control practices that ensure accountability and thus a more transparent sector is realized. (COSO 2005; Ntongo, 2012)

➤ **Contribution to Research and Knowledge:** The study contributes to the literature related to the internal control system adopted within organizations and their various influences on NGOs, especially in Palestine. Thus, the provision of empirical evidence with regard to the association between internal controls and organizational outcomes adds to the knowledge pool about internal control practices and their effectiveness in bringing about accountability and efficiency among NGOs. (Ming & Wang, 2009; Henk, 2020)

➤ **Opening New Avenues for Further Research:** The study can also provide new avenues for further academic research in the context of internal controls, organizational governance, and performance in the Palestinian context. Researchers can take the lessons learnt from this study and apply them to further dimensions of internal controls, the problems faced by NGOs in establishing internal control systems, and the long-term impact of such on the sustainability and growth of such organizations in the long run (Teelken, 2008).

1.6 Study Model

The conceptual framework of this study is based on the notion that a properly established internal control system has a vast impact on the performance, financial accountability, and overall efficiency of NGOs operating in the Ramallah governorate of Palestine. The conceptual framework is based on the theoretical concepts of internal control practices and organizational governance and their beneficial use in achieving organizational goals or objectives

At the center of the conceptual framework are the internal control practices, policies, and procedures implemented by NGOs to protect their resources, ensure compliance with regulations, and enhance accountability (Cooper et al., 1984; COSO,

2005). These internal control mechanisms have the role of "checks and balances" that prevent misappropriation of funds and assets, detect fraudulent activities, and promote transparent financial reporting (ACFE, 2006; Kakuru, 2001).

Effectiveness in the internal control system has multiple dimensions in performance of NGOs, such as accountability in financial aspects, resources use, and overall organizational efficiency. A strong internal control system can lead to improved financial management, reduced fraud cases, and increased confidence among donors (Bongani, 2013; Ntongo, 2012). It improves the quality and reliability of financial statements, hence better decision-making by stakeholders (COSO, 2005; Mishra & Dhillon, 2007).

More significantly, the internal controls and organizational performance relationship may be thus influenced by specific control mechanisms in place such as compliance with rules and regulations, segregation of duties, ethical standards observance Bradford, 2009; Gerrit et al., 2010. The study, in particular, was designed to give an empirical analysis on how such control mechanisms will influence NGOs' financial accountability, efficiency of resource utilization, and attainment of objectives.

The conceptual framework also acknowledges external environment NGOs. The political restrictions, economic hardships, or donors may influence the way implementation and effectiveness of an internal control system Gerster, 2011. Furthermore, the study takes into consideration governance bodies and regulatory authorities and forcing adherence to internal control practices and regulations accordingly COSO, 2005; Yang & Chun-Li, 2009.

The performance of the organization will be measured by a systematic questionnaire on financial sustainability and effectiveness. It will check donations, expenditure control, and budget compliance for sustainability. It will also gauge service growth, asset increase, and beneficiary satisfaction to measure impact and viability.

{ *Independent* }

{ *Dependent* }



1.7 Study Hypotheses

Hypotheses: note

- H1: Compliance with rules and regulations has a positive impact on the performance of local Palestinian NGOs operating in the Ramallah governorate Krishnan, 2005; Ntongo, 2012.
- H2: An effective communication and information channel adds to the performance of local Palestinian NGOs.
- H3: To the extend the risk assessment process is in place linked with the efficiency of the local Palestinian NGOs.
- H4: regular monitoring and evaluation activities bring high credibility and effectiveness of local palestinian NGOs.

H5: Local Palestinian NGOs demonstrate good performance outcomes in the context of strong environmental control comprising of clear values and procedures.

1.8 Operational Definitions

To present a common meaning of some major concepts that will be used throughout this study the following are hereby defined.

1. **Non-Governmental Organizations (NGOs):** Non-governmental organizations are independently operated private organizations, from governmental control, and most of them are driven by ethical-social imperatives with the purpose of addressing all sorts of social, developmental, and humanitarian needs of communities. Teelken, 2008; Chenhall et al., 2010.
2. **Internal Control Systems:** Internal control systems are those financial control practices, policies, and procedures adopted by organizations to protect the assets, prevent misappropriation, ensure compliance with regulations along with the enhancement of accountability and efficiency. COSO, 2005; Woolf, 1992.
3. **Financial Accountability:** Accountable management of funds and resources by organizations transparently and in line with set financial procedures and regulations. Ntongo 2012; Bongani 2013.
4. **Performance:** The extent at which NGOs implement their activities to enable the organization to achieve its goals, deliver services, and accomplish its mission within the community. Teelken 2008; Kakuru 2001.
5. **Transparency:** The clear and candid conduct of financial transactions, decisions, and activities occurring in NGOs, where information is communicated to stakeholders, who, through this good practice, accurately perceive what takes place in the organization. Mishra & Dhillon, 2007; Chenhall et al. 2010.
6. **Compliance:** A situation where NGOs maintain all set rules, regulations, and ethical conduct so that they can remain within the legally recognised field and comfort of their donors. Yang & Wang, 2009; COSO, 2005.
7. **Resource Utilization:** The way funds, assets and resources are allocated to various projects and activities within an organization in order to maximize resources to achieve desired outcomes. Ming & Wang, 2009; Gerrit et al. 2010.
8. **External Factors:** These are things that are beyond the controlling power of the NGOs, including but not limited to political, economic, and social conditions, which might be translating their influence on organizational operations and performance. As expressed by Ntongo, 2012; Bongani, 2013
9. **Cultural Context:** This is the culture in its self, norms, values and practices in the context of Palestinians that shape organizational behavior, perceptions, and practices

relevant to internal controls, and performance. According to Teelken, 2008; Chenhall et al., 2010

10. COVID-19 Pandemic: The COVID-19 pandemic defined as the novel corona virus that has caused a worldwide health disaster which resulted in unprecedented health and economic burdens on countries around the world and imposition of various restrictions affecting organizational operations. Teelken, 2008; Bongani, 2013
11. control environment: the control environment sets the tone of the organization where it shapes the consciousness and devotion of individuals on internal controls. Therefore, it is considered a foundation for all the other components of internal control; it's a disciplined, coherent entity. COSO, 2005; Woolf, 1992
12. Risk assessment is about the identification and analysis of risks which could impact the realization of objectives. It forms the basis for determining how the organization should manage its risk amidst its unstoppable economy, industry, regulatory, and operating environments. Mechanisms should be put in place to identify and address the unique risks because of changing conditions (COSO, 2005; Woolf, 1992).
13. Control Activities: The policies and procedures that provide reasonable assurance that management directives are carried out. The policies and procedures should be performed to help ensure that actions taken to address risks to the achievement of the entity's objectives are timely and thorough (COSO, 2005; Woolf, 1992).
14. Information and communication: Information and communication are essential for effective organizational activities. The timely identification and gathering of relevant information, as well as the communication of that information in an appropriate format, is necessary so that organization members can perform their duties. Information systems are therefore designed to generate reports that contain operational, financial, and compliance-related information to assist in controlling and managing the organization. The processing systems use internally generated information and capture information about external events, activities, and conditions to enable informed decisions and reliable external reporting (COSO, 2005; Woolf, 1992).
15. Monitoring: Internal control systems should be monitored-the process of evaluating the quality of the system's performance over time. This can be done through ongoing

monitoring activities, separate evaluations, or some combination of both (COSO, 2005; Woolf, 1992).

Chapter 2 Literature Review

2.1 Introduction

This literature narrative review critically looks into how internal control systems influence the performance of Non-Governmental Organizations. Considering that NGOs are indispensable in community development, especially in spheres of social welfare, health, education, and development, their financial and operational efficiency is very important. Given that NGOs are very vulnerable to financial mismanagement and fraudulent activities, the research determines the relationship between internal control practices and organizational performance, with an emphasis on fraud prevention and financial accountability. The purpose of this review is to add to the growing literature that will seek to understand how internal controls help or hinder the performance of an NGO and thus perhaps help in the formulation of policies and improvement in governance in the Palestinian context.

Non-Governmental Organizations (NGOs) are quite diverse in their nature; they include private voluntary organizations, civil society groups, and nonprofit organizations (McGann & Johnstone, 2006). They carry out different roles, from advocacy and activism to humanitarian aid and policy development. One defining feature of NGOs is that they primarily serve public interest goals, not financial ones (Hall-Jones, 2006).

The United Nations coined the term "NGO" in the aftermath of World War II to distinguish them from intergovernmental specialized agencies (Hall-Jones, 2006). These organizations operate in complex landscapes that typically involve alliances and rivalries with participants as varied as corporations and charities, and individuals of diverse political persuasions (Hall-Jones, 2006). These NGOs derive their funds from a variety of sources, although the majority are non-profit oriented, with some working for profit-related motivations (Hall-Jones, 2006). Over the years, they have attracted significant financial endowments in the way of public and private grants, which have further entrenched them as influential players in global politics (McGann & Johnstone, 2006)

2.2 Palestinian NGOs in an International Context:

In a nutshell, the historical evolution of the Palestinian NGOs has been essential in understanding the international perspective of the significance of such institutions. Ever since the 1948 Arab Israeli War, these institutions have played a role, above all, with the first necessity of humanitarian relief to the victims of war. Yet, it was after the 1967 Six-Day War that they gained prominence as significant contributors to development processes in Palestine.

In fact, it was the 1993 Oslo Accords between the PLO and Israel that really changed the NGOs for the better within Palestinian society. The accord created the Palestinian Authority, and thus the NGOs took part in the state-building activity for which they were doing (Brynne, 1995).

The regulatory landscape in which Palestinian NGOs operate in the international arena is complex: they are subject to local Palestinian laws, Israeli military orders, and international humanitarian laws (Jad, 2007; Roy, 1999). They work in different sectors such as education, health, and community development, emphasizing sustainability and financial transparency (Jamal, 2003). Despite political and economic challenges, Palestinian NGOs have demonstrated remarkable resilience and continued to adjust their strategies to serve their communities effectively (Lindenberg & Bryant, 2001).

The role of accounting systems in Palestinian NGOs will change with emerging technologies such as blockchain, which may revolutionize financial accountability and transparency (Kuruppu, Dissanayake, & de Villiers, 2022). Performance evaluation remains an essential task for these organizations to maintain donor confidence and maximize their contributions to Palestinian society (Anheier & Ben-Ner, 2020).

The aspect of financial sustainability is the most relevant issue of Palestinian NGOs among many concerns. Most of these NGOs rely on a combination of international donor funding, local revenues, and grants to operate. Funds are, however, very erratic because they depend upon political and economic contexts and upon the priorities set by donors. This calls for the need to have this sector develop appropriate management that will

guarantee effectiveness in the use of resources towards continuance of operation. Johnstone, Bedard, & Biggs (2007) note that accountability and transparency are key principles underlying the operations of Palestinian NGOs. Both international and local donors show greater interest in those organizations able to account for their funds. Again, this is particularly important in the Palestinian context because of the politicized nature of donor aid as well as the sensitive nature of the Israeli-Palestine impasse. Jamal (2003) explains accordingly.

Some of the major problems of financial management faced by Palestinian NGOs include dealing with the complexities of compliance with various local and international financial regulations, judiciously using the scarce resources, and adapting to the emerging new priorities of donors. Added to this, the political instability in the region and its influence on funding agencies make financial planning and management even more difficult (Roy, 1999).

Accounting in non-governmental organizations ensures that there is transparency and accountability in the management of resources within the organization. The accounting system is applied differently depending on a given jurisdiction. Though NGOs are excluded from IAS, the ASB has given some opinions regarding the applicability of such standards in accounting (ASB, 1995).

The view expressed by the ASB in September 1995 is that accounting standards apply to NGOs where the activities undertaken have a commercial, industrial, or business aspect, irrespective of whether their objectives are charitable or religious (ASB, 1995). From this, it seems to interpret that those NGOs that undertake activities of a commercial or business nature need to apply accounting standards but may not need to do so for activities that cannot be classified as such.

As stated earlier, what comprises commercial or business activities in NGOs is difficult to define. NGOs are not intended to operate on a profit motive, and the income derived from its activities is ploughed back into the societies' objectives. For instance, if an NGO lends money on which it receives interest income or lets its premises and charges for the same, it may raise a question whether those activities would amount to commercial

activities. It may also depend upon the proportion in which an NGO has its activities on commercial or business lines.

One of the major problems almost all NGOs across the world suffer from is that there are no converged standards of financial reporting at a global scale, especially for NGOs. It leads to a wide variety of financial reports, which make the assessment of the reliability, dependability, and comparability of financial information quite problematic for the stakeholders (Nobes et al., 2015). It reveals that NGOs suffer from the inability to conduct a proper and effective financial performance appraisal.

To solve the problem, it has been argued that IFRS for Small and Medium-Sized Entities can be applied in the NGO sector. IFRS for SMEs is designed for smaller entities, hence, applying these standards might enhance the quality and consistency of NGOs' financial reports (Nakitare, 2018). Usually, NGOs receive funds from government-related institutions and other private donors, who follow and operate on international standards; therefore, IFRS for SMEs could also fit in NGOs in order to enhance the legitimacy and transparency of their economic activities.

During recent years, NGOs have played an increased role in everyday life. The importance of the role played by NGOs forced an increase in the importance of financial management as a basis for sustainability and achievement of results expected from such organizations (Kaya & Koch, 2015). Efficient financial management inspires confidence in partners and attracts further resources, thus enabling the organization to be effective overall (Boagye-Otchere & Agbeibor, 2012).

NGOs are mostly faced with problems. The issues include those relating to the management of resources. In real life, all these issues require substantial financial management skills (Eccles & Saltzman, 2011). For the NGOs to be at their best, they need management tools like budgeting and cash flow analysis. These are mechanisms that aid in planning, coordinating, and monitoring of ongoing or scheduled events (Brijlal, Enow, & Isaacs, 2014).

It assumes that the part and parcel of an NGO's sustainability and the accomplishment of its goals is financial performance; Carolyn, 2017. According to Engel,

2016, proper financial management implies amongst others, the definition, allocation, and use of financial resources in the best manner towards the realization of organizational goals. It is against the attainment of results and success for which the effectiveness of NGOs is usually assessed; Du Toit, Van Zyl, & Schütte, 2017. As such, good governance is attributed to the ability of an NGO to meet set goals; Breen et al., 2018.

Good financial practices help NGOs to achieve their goals. The absence of adequate availability of financial resources renders an NGO non-workable; Kateeba, 2010. On this note, NGOs have begun taking assistance from various modern practices, including reporting, budgeting, and accounting exercises; France & Regmi, 2019. Financial reporting has been believed to be one of the most critical features in NGOs.

In financial reporting, NGOs set financial targets as part of the annual planning processes (Samujh & Devi, 2015). Training of personnel in respect of financial procedures is also very imperative in achieving accurate reporting (Mueller-Hirth, 2012). The myriads of agreements between both donors and organizations contain variegated information relative to budgets, work plans, expected results, and others (Thayer & Fine, 2001). Adherence to such agreements provides a basis of financial reporting procedures and gives an assurance of adequate recording of the financial transactions of the organizations (Cordery & Simpkins, 2016).

One can notice the extent to which the level of financial reporting follows the size of an organisation. More extensive groups of stakeholders will likely increase demand for more disclosure of financial information (Carman, 2011). Further, human capital development within NGOs is related to financial reporting. Human capital attributes such as formal education, professional training, and work experience set standards and give a balance to financial reporting (Despard et al., 2017).

2.3 Internal control

Organizational control is conceptualized in various directions and can be divided into two general spheres: internal and external controls. The first refers to an organization's internal governance processes, management, and shareholder roles, among

other internal factors. In contrast, external controls would include factors like market influences, competitive pressures, and regulations imposed by the government. These divisions cannot be dispelled from the study of industrial and enterprise activities because they give clarity and exactitude to the concept of organizational control. Walsh & Seward (1990) and Chung et al. (1997) have presented these facets. In this respect, the model proposed by the Committee of Sponsoring Organizations of the Treadway Commission in 1992 contributes a great deal. The COSO model outlines an all-inclusive internal control that embraces the concepts of risk management, control environment, and information systems. This model has been highly influential in developing the meaning and implementations of internal control systems among organizations so far. Committee of Sponsoring Organizations of the Treadway Commission (COSO), 1992.

The literature indicates that the theoretical underpinning is indispensable in developing subtle notions of organizational control. Various theoretical approaches enrich the analysis of organizational processes while aiming at finding some kind of balance between theoretical constructs and practical considerations. In this way, theoretical positions create an appropriate avenue for translating the results of empirics into practical insights and, correspondingly the application of concepts of control in organizational environments. Walsh & Seward, 1990; Chung, Chong, & Jung, 1997).

This concept is dynamic, and for this reason, its definition and meaning are also subject to continuous evolution in organizational environments. In general, the concept is recognized both in scientific thought and practice. However, different expressions of the same concept exist, and the creation of full internal control assessment models demands an encyclopedic analysis. The literature shows the variety in defining and meaning of control expressed by Lithuanian and international scientists reflecting the complexity and contextuality of the concept. Walsh & Seward, 1990; Chung, Chong, & Jung, 1997

The literature also underlines various definitions of control which portray various aspects of an organization's management; these include functions like supervision, upkeep, and authority over business operation.

In response to this, there has not been found the occurrence of a single definition across the literature realm, which actually signifies that due to contextual and situational

elements, the concept of control renders such dynamism while being interpreted. Walsh & Seward 1990; Chung, Chong, & Jung, 1997)

The concept of control as defined through the COSO model and the literature also entails complexity with its multi-faceted nature, consisting of the internals and the externals in it – a feature that, in all intent, requires understanding in the most nuanced form in continuous change and adaptation. It means that the demand for mere adaptation and comprehensiveness exists, as regards conceptualization and execution of good practice and measures of control practices in different organizational settings: Committee of Sponsoring Organizations of the Treadway Commission [COSO] (1992; Walsh & Seward, 1990; Chung, Chong & Jung, 1997)

2.4 Components of Internal Control

Internal control, as related to NGOs, has five interrelated components (COSO, 2013). The components are inherent to the manner that NGOs are governed and satisfy a critical element of the overall mission-driven purposes; these components need to be part of the everyday business operations within the organization.

2.4.1 Control Environment

The Control Environment is the bedrock or foundation for standards, processes, and structures for performing the activities of internal control in an organization. It is the culture of governance that was instilled by the board of directors and senior management, which describes the significance of the importance of internal control and conducting the business of the organization to facilitate operating integrity and gives reasonable assurances that the operations will be conducted according to a code of ethical conduct. This perspective of governance and ethics assisted in developing the framework for

COSO to provide the operating effectiveness and assurance about reporting accuracy and to be used to support operating within applicable laws and regulations (COSO, 2013).

COSO's framework specifies that the Control Environment is one of the five essential components for accomplishing an objective of the entity. There are following principles which have been embedded into this component:

- The organization's commitment to integrity and ethical values.
- The board's independence from management and being actively involved in overseeing the development and performance of internal control.
- Management is responsible under the oversight of the board to establish structures, reporting lines, and appropriate authorities.
- The commitment of the organization to attracting, developing, and retaining competence people in line with its objectives
- The accountability structure which places people accountable for their roles in the internal control to attain objectives.

These principles are foundational but flexible; thus, entities can take up other strategies that suit the particular circumstances as well as guidance in the framework University of California San Diego [UCSD], n.d.

A proper Control Environment is essential for instilling accountability, transparency, and ethical conduct in organizations. It provides the tone of conduct for its members and gives the foundation for other components of internal control. However, the design and operation of the Control Environment may be influenced by such factors as weak supervisory roles or the risk of control overrides.

The importance of the Control Environment is more pronounced within NGOs, considering the strict scrutiny that such organizations are subject to regarding resource management and fiduciary duties. The ethical implications are stronger, demanding a controlled environment that acts as a defense against fraudulent activity and ensures operations within legal and ethical confines (Johnson, 2015). The University of California San Diego explains in detail the understanding of internal controls, affirming that a well-defined Control Environment is important for the proper functioning of any control

system (UCSD, n.d.). A well-defined Control Environment not only provides a framework for effective resource management but also establishes a culture of integrity and accountability within an organization. It sets the proper tone at the top and influences the behavior and actions of employees at all levels. A strong Control Environment reduces the possibility of fraudulent activities by promoting ethical behavior and compliance with legal requirements, thus maintaining the reputation and financial stability of the organization. It therefore means that organizations have to prioritize setting up and maintaining an efficient Control Environment for the success of their control systems to ensure organizational success.

- Risk Assessment Nongovernmental organizations are working in a multidimensional and dynamic environment with various risks emanating from internal and external sources. Therefore, risk assessment should be performed for effective management. The process commences with the definition of clear, consistent organizational objectives at various levels (COSO, 2013). A risk assessment encompasses an extensive assessment of factors which may impede the achievement of the set or desired objectives. This comprises the identification of possible threats, vulnerabilities, and possible impacts on organizational operations. Nongovernmental organizations also have to assess the possibility and potential consequence of the risks assessed to enable the organization to prioritize and allocate scarce resources appropriately. This means that through regular risk assessments, NPOs can timely detect and deal with possible risks and guarantee the continuity and sustainability of success. Risk assessments also give NPOs insights and the relevant information for making informed decisions in designing mitigation strategies against those risks.

Risk assessment is very critical since it involves the identification and analysis of probable risks that may hinder the organization's mission. By having this in mind, the NGOs can develop ways and means of controlling them. The process remains important on resource utilization and also on matters relating to compliance with regulations and laws. Ndungu, 2013.

2.4.2 Control Activities

Control activities are the policies, procedures, and overall standards that the NGOs establish to provide reasonable assurance that management's policies are being followed. These activities are the backbone of internal control and help assure that actions are taken to mitigate risks that could impact the achievement of the organization's objectives accordingly (Manwada, 2008). The NGOs, through control activities, are able to ensure that its activities are carried out in a more open and transparent manner. Control activities here comprise the routine auditing and financial accounting procedure with strict compliance with prescribed ethical and legal standards. Also, under control activities, the organizations develop clear lines of authority and responsibility that help deter fraud and mismanagement. In sum, these measures add to the overall effectiveness and sustainability of the operations of NGOs in achieving their respective missions and creating value in their communities.

2.4.3 Information and Communication

In this respect of NGOs, the information and communication component underlines the identification, capture, and prioritization of the information in a format and time that enables the people to discharge their responsibilities effectively. Information systems have a central role in producing reports with operational, financial, and compliance information that enables day-to-day management and control of NGO activities and operations. Such reports provide transparency and accountability to enable the stakeholders and community to review the performance and impact of the NGO as per COSO, 2013. Effective information and communication systems also ensure timely and accurate communication with stakeholders so that they are properly informed about the initiatives being undertaken by the NGO and related successes and challenges. This helps build trusts and enhances the credibility the NGO earns from the people it serves. This shall help in fostering a healthy relationship between the NGO and the stakeholders.

This includes not only internal data but also those external events, activities, and conditions required to achieve informed decisions and reporting to relevant external parties. There should be proper communication within the organization that ensures information flows appropriately vertically, horizontally, and diagonally within the entity.

Similarly, proper communication with relevant external stakeholders, such as donors, beneficiaries, regulators, and shareholders, should be made (Ndungu, 2013; Theofanis, Drogalas, & Giovanis, 2011).

2.4.4 Monitoring Activities

Monitoring has been defined as the process that measures the quality of operations relevant to the internal control performance of an NGO during a period. The main focus of monitoring controls is checking whether the instituted internal controls instituted continue to function as they were instituted to perform (COSO Framework, 2013).

Monitoring activities are actions taken as part of daily operations that also include regular management and supervisory activities. Personnel carry out these activities in the course of their duties. The scope and frequency of separate evaluations complement those assessments and are based on the results of risk assessments and effectiveness operating monitoring procedures. Material internal control weaknesses noted in the evaluation should be reported to all levels of management at least as high as the reporting level for financial reporting, along with any associated recommendations. All material weaknesses noted should also be reported to top management and the board. Internal controls are most effective when carried deep within an organization's infrastructure, integrated within its core operations. Lags or inefficiencies in addressing deficiencies that have been identified can undermine the monitoring activity's credibility (COSO Framework, 2013).

2.5 Internal Controls in NGOs

Non-Governmental Organizations, particularly those that are into humanitarian and developmental objectives, are increasingly required to have well-set internal controls within the organizations (Chenhall, Hall, & Smith, 2010). Rates of embezzlement and misappropriation of funds by employees within the industry have led to an increase in these imperatives. However, most NGOs, particularly in developing countries, find it difficult to meet such imperatives due to the fact that the adoption of tight donor regulations and implementation of effective internal controls goes against the traditional

managerial practices. However, it is increasingly difficult for them to harmonize the pre-existing management practices of NGOs in developing nations to the requirements of the existing internal control system. Cultural and organizational barriers make it tough for them to adapt to such changes. Therefore, they also find it increasingly challenging to prove that operations are efficient due to a lack of resources and a missing professional to undertake such responsibility. In this regard, NGOs need to invest in capacity building, training, and changing management practices to pave the right way for the smoother running of an internal control system. They must also collaborate with educational institutions and industry experts to develop focused programs and curriculum that would help them gain the relevant skills and knowledge.

Yang, 2009 argues that the internal controls in NGOs should not be attached to mere fiscal checkpoints but such mechanisms should be developed in response to a wide array of risks that any NGO faces. Internal control should be integrated into the holistic risk management and governance framework, not after-the-fact reaction to address deficiencies in the controls (Chenhall et al., 2010). But despite the complexities, some NGOs, according to Bogani, 2013, have been able to implement effective internal control mechanisms, especially on the control environment, control procedures, and monitoring. The NGO sector remains one of the most viable partners in the delivery of welfare and development despite widespread corruption and instability in most developing regions. However, the sector does not remain immune from criticism for incidents of mismanagement and diversion of resources, facilitated by insufficient internal controls.

The trajectory of NGOs has evolved from being driven by ethical-social motivations and technical expertise to accountable and transparent entities, which have necessitated the integration of performance measurement and management systems (Ramadan & Borgonovi, 2015). Because NGOs work in dynamic and risk-laden environments, they must make use of performance measurement and management in order to meet the demands of beneficiaries, donors, and regulatory bodies. Performance measurement and management systems allow NGOs to effectively monitor their progress and show their impact to stakeholders, which not only increases their credibility but also assures that resources are used efficiently and effectively. It allows them to come up with areas that need improvement and make the necessary changes in their strategies and

operations. With the increasing competitiveness in the funding landscape, performance measurement and management is an area that NGOs should invest in to make them relevant and sustainable. This will enable them to attract more donors through evidence of their impact and a regular tracking of their performance. In particular, at a time when transparency and accountability are highly ranked, this will help them increase their donor base. Besides, regulatory bodies often require NGOs to account for the results of their actions. For this reason, the organizations have to develop appropriate measurement systems. Finally, investment in performance measurement and management is not only a strategic choice but also a precondition to ensure the organization's survival over the long term and desired social transformation. Performance measurement is an essential tool of NGOs in capturing its impact and outcomes or outputs. A method of planning where activities are systematically examined to check whether they have been conducted appropriately and are relevant to the needs of the donors and beneficiaries. Performance measurement and management are, therefore the basis of strategic planning, resource allocation, and continuous improvement of operations of NGOs Ramadan & Borgonovi 2015.

The different purposes of the performance measurement and management in NGOs include assessing the impact on beneficiaries and communities, donors' expectations of activities and internal effectiveness Ramadan & Borgonovi, 2015. Performance measurement in the NGOs consists of resource acquisition and, at the same time considers efficiency, effectiveness, economy, and ethical rendering of the service as important Teelken, 2008.

Indeed, empirical research has already established the validity of performance measurement and management in NGOs through a variety of theoretical perspectives. For instance, NGOs use many indicators that encompass almost all the performance aspects, including recipient satisfaction, partnership quality, fundraising and financial transparency amongst others (Carman, 2007; Niven, 2008). These have given an overview of the quality of services delivered, the efficiency of partnerships, the efficacy of fundraising activities, and the amount to which the organisation opens up its financial books to stakeholders, especially donors (Standards for Charity Accountability, Better Business Bureau Organisation, 2008; Lewis, 2009).

Besides, impact indicators are also utilized. These indicators conceptualize the long-run effects of the NGO programmes at the individual and community level in terms of the general socio-economic transformations brought about by NGOs' operations (Benjamin & Misra, 2006). NGOs also measure their performance with various input-outcome, output and impact measures that dig into resources utilization, results realization, goals achievement as well as changes brought about in the long-run by these organisations (Benjamin & Misra, 2006; Teelken, 2008).

Chapter 3 Research Methodology

3.1 Introduction

This chapter deals with all practical steps and procedures to achieve the study's objectives of understanding the impact of the internal control system on the performance of non-governmental organizations (NGOS) operating in Palestine. These stages included defining a population and sample for the study, designing measurements for the study variables, and designing a statistical model to test the study hypotheses.

3.2 Population and Sample of the Study

The population of the study consists of NGOs in Palestine with headquarters in Ramallah. Out of 160 NGOs, 45 organizations were selected randomly to ensure representativeness and reliability. The sample size was selected based on feasibility, diversity, and statistical considerations. Four major employees (accountant, financial manager, executive manager, and internal auditor) from each of the NGOs were targeted to ensure diverse perspectives. A guided questionnaire was administered, from which 155 responses out of 180 were obtained, yielding a very high response rate and increasing the validity of the study.

3.3 Data Collection

This study relied heavily on primary data for the purpose of the study, which included questionnaires that were specifically designed to guide the members of the study sample. These questionnaires included a set of questions that were specifically developed by the researcher, academic and statisticians' experts, for the purpose of measuring the variables of the study according to solid scientific foundations.

3.4 Study Tools

To achieve the necessary study objectives relevant to answering the study's questions, the researcher used a questionnaire tool to collect primary data from representatives of the targeted study sample. Given the literature explained in the theoretical framework, the questionnaire was divided into two main parts:

First section: Demographic data, which includes personal and job data of the member responding to the questionnaire, which comprises 5 common items: gender, educational level, job description, years of experience of the employee, and whether there is an internal control unit in your organization.

The second part reveals that there exist optimum performance characteristics for the non-governmental organizations operating in Palestine.

Third section: indicates the availability of characteristics of the internal control system in non-governmental organizations NGOs, which has been divided into 5 main dimensions, which are the availability of the characteristics of control activities in non-governmental organizations NGOs, the availability of characteristics of effectiveness that assess risks in non-governmental organizations NGOs, the extent of availability of characteristics of effective communication and the availability of Information and the availability of effective monitoring characteristics in non-governmental organizations NGOs.

3.5 Measurement of Variables

This section deals with how the researcher measured the study variables, as the researcher adopted a five-point Likert scale. This scale consists of 5 grades that express the extent of the respondent's agreement with the characteristics that constitute the research variables, as shown in the following table:

Table (3.1): Five-point Likert scale

Approval level	Degree
Strongly Disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Table (3.1) above shows how a five-point Likert scale works in coding respondents' answers, as it gives a value of 1 for a strongly disagree answer, 2 for a disagree answer, 3 for a neutral answer, 4 for an agree answer, and 5 for a strongly agree answer. It is noted that the higher the value of the Likert scale, the greater the respondent's agreement with the existence of the trait in question

3.6 Study Variables

The questionnaire was designed as a study tool according to several dimensions, including a dimension that represents the dependent variable (performance of non-governmental organizations NGOs) and included 10 items to represent this dimension, and 5 dimensions represent the independent variables that represent the internal control system in non-government organizations NGOs and included 5 items for each dimension, with 25 items for all the dimensions that represent the independent variable are shown in the following table:

Table (3.2) Sub-questions that represent the performance dimension

Elements of the dependent variable	Sub-questions
Performance NGOS	There Is a Growth in the Organization's Revenues
	There Is a Growth in the Donations and Grants Received by the Organization
	There Is a Decrease in the List of Activities Deficit
	There Is a Good Management of Expenses
	There Is a Growth in the Financial Position of the Organization
	There Is an Improvement in the Level of Beneficiaries' Satisfaction with the Services Provided
	There Is a Growth in the Organization's Assets
	There Is a Budget Set for Expenses Adhered To
	There Is a Growth in the Services Provided
	There Is a Development in the Level of Beneficiary Satisfaction with the Organization's Services

Table (3.3): Sub-questions that represent the regulatory environment dimension

Elements of the independent variable	Sub-questions
Regulatory Environment	The presence of an organizational structure that includes the administrative hierarchy
	Competent individuals are attracted, and their skills are developed
	Powers and responsibilities are distributed among employees
	Employees' commitment to ethical values and integrity
	The Board of Directors exercises its oversight duties effectively

Table (3.4): Sub-questions that represent the Control Activities dimension

Elements of the independent variable	Sub-questions
Control Activities	There is precise authorization to complete transactions and activities
	There is a documentary system and records of a fundamental nature
	There are oversight activities to protect assets, records, and data
	There is a separation of overlapping tasks between departments
	Performance is evaluated by independent parties

Table (3.5): Sub-questions that represent the dimension of the assessed risk

Elements of the independent variable	Sub-questions
Assess risks	There is a risk management committee or department in your organization
	The internal control system contributed to reducing inherent risks
	Risk is managed by avoiding danger
	Risk is managed by sharing it like insurance
	Potential risks are identified and managed

Table (3.6): Sub-questions that represent the Information and communication dimension

Elements of the independent variable	Sub-questions
Information and communication	Oversight reports are delivered to the management board
	Informing employees of their duties and responsibilities through official channels
	There is an effective communication system in the organization from top to bottom and vice versa
	Employees are trained on internal control and on implementing its procedures
	Feedback is relied upon for improvements

Table (3.7): Sub-questions that represent the Monitoring dimension

Elements of the independent variable	Sub-questions
Monitoring	There are supervisors who monitor employees' completion of their work
	The responsibilities of each functional center manager are defined
	A responsibility accounting system is used in your organization
	There is an internal audit department in your organization
	There is feedback from the internal audit unit

3.7 Statistical Tools

- The methodology of this study in statistical analysis to reach the results of the study was based on the Statistical Packages for the Social Sciences (SPSS) program, where all necessary statistical tests were used to ensure the integrity of the analysis results. The most important of these tests were:

- Cronbach's Alpha Test: To test the reliability of the study tool used.
- Frequencies and Percentages: Describe the frequencies and percentages of the personal variables of the sample members.
- Descriptive Statistics: A description of all the study's dependent and independent variables by describing the dimensions and items within each dimension by calculating means, standard deviations, and any descriptive statistical measure that the researcher deems appropriate for the research.
- Multicollinearity Test: This test indicates the extent to which there is a correlation between pairs of independent variables in a single regression model. This test was conducted using Pearson correlation and the variance inflation factor test VIF, as the presence of this type of correlation inflates the standard error and reduces the value of the t-statistic. Therefore, we may reject a statistical relationship that must be accepted.
- Multilinear and Simple Regression: testing the main hypothesis of the study, which is represented by one independent variable representing the internal control system, as well as the sub-hypotheses individually, is done through simple regression. In contrast, the hypotheses are tested collectively through multiple regression.

Chapter 4 Data Analysis and Hypotheses Testing

4.1 Introduction

This chapter presents the diagnostic tests for the study model, in addition to a set of descriptive statistics for the study sample and testing the study hypotheses through the simple regression and multiple regression models for the study model.

4.2 Diagnostic tests

This section presents a set of procedures and diagnostic tests to ensure the validity and reliability of the questionnaire in measuring the required concepts and completing the statistical analysis procedures in the correct manner that enables us to generalize the results reliably.

4.2.1 Validity test

To ensure the validity of the study tool intended for distribution, the researcher consulted a group of faculty members from Palestine Technical University Kadoorie and the Arab American University. These faculty members have extensive experience in accounting, NGO management, and internal control (see Annex 3). Based on their feedback, the researcher made necessary modifications to enhance the study tool's suitability for distribution. These revisions included addressing their observations, adding new questions, and reformulating existing ones. The improvements ensured that the questionnaire was well-designed and ready for effective distribution.

4.2.2 Reliability

Testing the reliability of the tool refers to ensuring that the questionnaire or study tool can be relied upon in statistical tests and produces statistically reliable results to generalize the results while ensuring the integrity of the other steps.

Table (4.1): Cronbach Alpha Results for Questionnaire

Dimension	Cronbach Alpha	# of Items
Institution performance	0.728	10
control environment	0.701	5
Control activities	0.751	5
Assess risks	0.742	5
Information and communication	0.773	5
Monitoring	0.741	5
Total	0.703	35

Table (4.1) above displays the results of the reliability test (Cronbach Alpha) indicating that all dimensions of the study that represented the performance and internal control system in non-governmental organizations NGOS (dimension of organization performance, regulatory environment, control activities, risk assessment, information and communication, monitoring and total dimensions combined) obtained a Cronbach alpha value of 0.728, 0.701, 0.751, 0.742, 0.773, 0.741 and 0.703, respectively. as all of these dimensions obtained a Cronbach alpha value greater than 0.7, therefore the reliability of the questionnaire tool can be trusted in measuring the dimensions of the study.

4.3 Descriptive Statistics

This section presents a set of descriptive statistics that indicate the statistical characteristics of the diversity of the target study sample and the statistical characteristics of all questionnaire items that constitute the study's dependent and independent variables, as shown in the following sections.

4.3.1 Descriptive Statistics of Personal Data of the Sample

This section displays a set of descriptive statistics for the personal data of respondents to the study questionnaire, which includes frequencies and percentages for each category of respondents.

Table (4.2): Descriptive statistics of personal data of the sample

Variables	Items	Freq	%
Gender	Male	63	40.65%
	Female	92	59.35%
	Total	155	100.00%
Qualification	Diploma and below	0	0.00%
	Bachelor`s	121	78.06%
	Master	24	15.48%
	Ph.D.	10	6.45%
	Total	155	100.00%
Job Description	Accountant	88	56.77%
	Financial Manager	39	25.16%
	Executive Director	15	9.68%
	Internal Auditor	13	8.39%
	Total	155	100.00%
Number of years of experience	Less than 5 years	0	0.00%
	From 5 years to less than 10 years	45	29.03%
	From 10 years to less than 15 years	50	32.26%
	15 years and over	60	38.71%
	Total	155	100.00%
Does your company have an internal audit or internal control unit?	Yes	83	53.55%
	No	72	46.45%
	Total	155	100.00%

Table (4.2) above displays the statistical frequencies and percentages for the study sample members. The results indicated that the number of male respondents was 63 out

of 155 respondents that representing a rate of 40.65%, and the number of females was 92 out of 155 respondents, representing a rate of 59.35%. As for the academic qualification variable, the sample lacked the study includes people who have obtained an intermediate diploma or less, at a rate of 0%, and the number of those holding bachelor's, master's, and doctorate degrees was 121, 24, and 10, respectively, at a rate of 78.06%, 15.48%, and 6.45%, respectively.

Concerning the job descriptions of the respondents to the questionnaire, it indicates that the number of accountants working in NGOs organizations and respondents to the questionnaire was 88 accountants, at a rate of 56.77%, and the number of financial managers was 39, at a rate of 25.16%, the number of executive directors was 15, at a rate of 9.68%, and the number of internal auditors was 13, at a rate of 8.39%.

Regarding the years of experience possessed by employees of NGOs organizations who responded to the questionnaire, the study indicates that there is no employee with less than 5 years of experience, which represented 0% of the percentage of respondents. The number of employees who have experience from 5 to 10 years is 45 employees, a percentage of 29.03%, and the number of employees who have years of experience from 10 to 15 years is 50 employees, at a rate of 32.26%, and the number of employees who have years of experience more than 15 years is 60 employees, at a rate of 38.71%. Also, descriptive statistics indicate that 83 employees belong to NGOs organizations that have an internal auditor or an internal control unit, representing 53.55%, while 72 employees belong to NGOs organizations that do not have an internal auditor or an internal control unit.

4.3.2 Descriptive Statistics for the Dimensions of the Study

This section displays descriptive statistics for all dimensions of the study that constitute the explanatory (independent) variables and dependent variables:

Table (4.3): Descriptive statistics for all dimensions of the internal control system in NGOS

	N	Mean	Std. Deviation	Rank	importance
Performance of NGOS institutions	155	3.85097	0.235865	5	High
The control environment in NGOS	155	4.1239	0.31439	6	High
Control Activities in NGOS	155	3.6323	0.62936	2	Moderate
Risk assessment in NGOS	155	3.5135	0.51925	1	Moderate
Information and communication in NGOS	155	3.7239	0.50001	4	Moderate
Monitoring in NGOS	155	3.6684	0.49383	3	High
average	155	3.7522	0.44878		High

Table (4.3) above displays the means and standard deviations for all dimensions of the control system in non-governmental organizations NGOs, where the means ranged between 3.51 and 4.12 with a high degree of importance, with a general mean of 3.75 and a standard deviation of 4.48 with a high degree of importance. The highest mean for the control-environment dimension in NGOs is 3.513, with a medium degree of importance and a standard deviation of 0.314, while the lowest average for the risk assessment dimension in NGOs is 3.513, with a medium degree of importance and a standard deviation of 0.500. Where these characteristics are considered important in the internal control systems of non-governmental organizations NGOs operating in Palestine.

4.3.2.1 Performance of NGOs

This section presents descriptive statistics for all questions related to the performance of non-governmental organizations NGOs operating in Palestine:

Table (4.4): Descriptive statistics for performance dimension in NGOS

Items	Mean	M	Std. Deviation	Rank	Importance
Revenue growth the organization	88	3.	0.624	6	High
Growth in donations and grants received by the organization	81	3.	0.812	5	High
Decrease in the activity list deficit	35	3.	0.641	1	Moderate
Good management of expenses	09	4.	0.288	8	High
Growth in the financial position of the organization	54	3.	0.758	2	Moderate
Improving the level of beneficiary satisfaction with the services provided	93	3.	0.498	7	High
Growth in the organization's assets	73	3.	0.617	3	High
Commitment to the established budget regarding expenses	23	4.	0.424	10	High
Growth in the service provided	14	4.	0.350	9	High
Development of beneficiaries' satisfaction with organized services	81	3.	0.790	4	High
Average	851	3.	0.580		High

Table (4.4) above displays descriptive statistics for the performance dimension, where the mean range between 4.23 and 3.35 according to a high degree of importance, with a general mean of 3.851 and a general standard deviation of 0.58, with a high degree of importance. The highest value was for the item that indicates adherence to the established budget regarding expenses, according to a mean of 4.23 and a standard deviation of 0.424, with a high degree of importance. The lowest value was for the item that indicates there is a decrease in the activity list deficit, according to a mean of 3.35 and a standard deviation of 0.641, with a medium degree of importance. Based on this measure, a high general mean indicates better performance in non-governmental organizations NGOs operating in Palestine

4.3.2.2 Control Environment in NGOs

This section presents descriptive statistics for all questions related to the control environment in non-governmental organizations operating in Palestine

Table (4.5): Descriptive statistics for the control environment dimension in NGOs

#	Items	n	Mean	Std. Deviation	Rank	Importance
1	An organizational structure that includes the administrative hierarchy		4.16	0.760	3	High
2	Attracting qualified individuals and developing their skills		4.01	0.587	1	High
3	Clearly distribute powers and responsibilities among employees		4.19	0.536	5	High
4	Employees' commitment to ethical values and integrity		4.19	0.571	4	High
5	The Board of Directors exercises its oversight duties effectively		4.06	0.681	2	High
	Average		4.12	0.63		High

Table (4.5) above displays descriptive statistics for the control environment dimension, where the mean range between 4.01 and 4.19 according to a high degree of importance, with a general mean of 4.12 and a general standard deviation of 0.63, with a high degree of importance, as the regulatory environment in non-governmental organizations NGOs is considered one of the most important characteristics that must be present in Internal control system in non-governmental institutions NGOs.

The highest value was for the item that indicates the distributed powers and responsibilities among employees, according to a mean of 4.19 and a standard deviation of 0.536, with a high degree of importance. The lowest value was for the item that indicates that competent individuals are attracted and their skills are developed, according to a mean of 4.01 and a standard deviation of 0.587, with a high degree of importance. Based on what was stated in previous literature, this dimension indicates that non-governmental organizations NGOs that enjoy an ideal control environment enjoy high performance.

4.3.2.3 Control Activities in NGOs

This section presents descriptive statistics for all questions related to the Control Activities in non-governmental organizations operating in Palestine:

Table (4.6): Descriptive statistics for the Control Activities in NGOs

#	Items	Mean	Std. Deviation	Rank	Importance
1	Having precise authorization to complete transactions and activities	3.86	0.790	3	High
2	The existence of a documentary system and original records	4.11	0.850	5	High
3	The presence of oversight activities to protect assets, records and data	3.91	0.935	4	High
4	There is a separation of overlapping tasks between departments	3.46	1.124	2	Medium rate
5	Performance is evaluated by an independent party	2.82	1.209	1	Medium rate
Average		3.63	.98		High

Table (4.6) above displays descriptive statistics for the control activities dimension, where the mean range between 4.11 and 2.82 according to a high degree of importance, with a general mean of 3.63 and a general standard deviation of 0.98, with medium and high degree of importance, as the oversight activities in non-governmental organizations NGOs is considered one of the most important characteristics that must be present in Internal control system in non-governmental institutions NGOs.

The highest value was for the item that indicates there is a documentary system and original records, according to a mean of 4.11 and a standard deviation of 0.850, with a high degree of importance. The lowest value was for the item that indicates that performance is evaluated by independent parties, according to a mean of 2.82 and a standard deviation of 1.209, with a medium degree of importance. Based on what was stated in previous literature, this dimension indicates that non-governmental

organizations NGOs that have a high level of oversight activities may have a high level of performance.

4.3.2.4 Risk Assessment in NGOs

This section presents descriptive statistics for all questions related to the Risk assessment in non-governmental organizations operating in Palestine

Table (4.7): Descriptive statistics for the Risk assessment in NGOs

#	Items	n	Mea	Std.	Rank	Importance
				Deviation		
1	The presence of a risk management committee in your country		2.82	1.142	1	Moderate
2	The internal control system contributes to reducing inherent risks		3.68	0.837	3	High
3	Managing risks by avoiding danger		3.57	0.756	2	Moderate
4	Managing risks through sharing them, such as insurance		3.74	0.443	4	High
5	Identify and manage potential risks		3.77	0.812	5	High
Average	3.51		3.51	.80	Mode	rate

Table (4.7) above displays descriptive statistics for the risk assessment dimension, where the mean range is between 3.77 and 2.288 according to a high and medium degree of importance, with a general mean of 3.51 and a general standard deviation of 0.80, with a high degree of importance, as the risk assessment in non-governmental organizations NGOs is considered one of the most important characteristics that must be present in Internal control system in non-governmental institutions NGOs.

The highest value was for the item that indicates Identifying and managing potential risks, according to a mean of 3.77 and a standard deviation of 0.812, with a high degree of importance. The lowest value was for the item that indicates the presence of a risk management committee in your country, according to a mean of 2.82 and a standard deviation of 1.142, with a medium degree of importance. Based on what was stated in

previous literature, this dimension indicates that non-governmental organization NGOs that enjoy a high-level risk assessment enjoy high performance.

4.3.2.5 Information and Communication in NGOs

This section presents descriptive statistics for all questions related to information and communication in non-governmental organizations operating in Palestine:

Table (4.8): Descriptive statistics for the information and communication in NGOs

#	Items	Mean	Std. Deviation	Rank	Importance
1	Delivering oversight reports to the Board of Directors	4.10	0.305	5	High
2	Inform employees of their duties and responsibilities through formal channels	3.70	0.833	3	High
3	The presence of an effective communication system in the organization from top to bottom and vice versa	3.43	1.243	1	Moderate
4	Training employees on internal control and implementing its procedures	3.63	0.665	2	Moderate
5	Relying on feedback to make improvements	3.76	0.428	4	High
Average		3.72	.69		High

Table (4.8) above displays descriptive statistics for the information and communication dimension, where the mean ranges between 4.10 and 3.43 according to a high degree of importance, with a general mean of 3.72 and a general standard deviation of 0.69, with a high degree of importance, as the information and communication in non-governmental organizations NGOS is considered one of the most important characteristics that must be present in Internal control system in non-governmental institutions NGOs.

The highest value was for the item that indicates that oversight reports are delivered to the Board of Directors, according to a mean of 4.10 and a standard deviation of 0.305, with a high degree of importance. The lowest value was for the item that indicates that there is an effective communication system in the organization from top to bottom and

vice versa, according to a mean of 3.43 and a standard deviation of 1.243 with a medium degree of importance. Based on what was stated in previous literature, this dimension indicates that non-governmental organizations NGOs that enjoy high levels of information and communication enjoy high performance.

4.3.2.6 Monitoring in NGOs

This section presents descriptive statistics for all questions related to the monitoring in non-governmental organizations operating in Palestine:

Table (4.9): Descriptive statistics for the monitoring in NGOs

#	Items	Mean	Std. Deviation	Rank	Importance
1	The presence of supervisors who monitor employees' completion of their work	3.63	0.665	3	Moderate
2	The responsibilities of each functional center manager are defined	4.14	0.343	4	High
3	A responsibility accounting system is used in your organization	4.16	0.369	5	High
4	There is an internal audit department in your organization	3.17	1.129	1	Moderate
5	There is feedback from the internal audit unit	3.24	1.259	2	Moderate
Average		3.671	0.75		High

Table (4.9) above displays descriptive statistics for the monitoring dimension, where the mean range is between 4.16 and 3.17 according to a high degree of importance, with a general mean of 3.67 and a general standard deviation of 0.75, with a high degree of importance, as the Follow-up in non-governmental organizations NGOs is considered one of the most important characteristics that must be present in Internal control system in non-governmental institutions NGOs.

The highest value was for the item that indicates using a responsible accounting system in your organization, according to a mean of 4.16 and a standard deviation of 0.369, with a high degree of importance. The lowest value was for the item that indicates

that there is an internal audit department in your organization, according to a mean of 3.17 and a standard deviation of 1.129, with a medium degree of importance. Based on what was stated in previous literature, this dimension indicates that non-governmental organizations NGOs that enjoy a high level of Follow-up enjoy high performance.

4.4 Multicollinearity Test

This section presents several statistical tests to ensure that there is no multicollinearity problem among all dimensions that represent the internal control system in non-governmental organizations NGOs (between the explanatory or independent variables), as the presence of this type of correlation between the independent variables within a single model leads to inflating the standard error and reducing the value of T-statistical may lead to rejecting a statistical relationship that was supposed to be accepted

4.4.1 Correlation matrix

This matrix gives a first impression of the nature of the relationship between the dimensions that represent the internal control system in non-governmental organizations NGOs (or the dimensions that represent the independent variables in the study) regarding the strength and direction of the relationships between these variables.

Table (4.10): Correlation matrix

	Regulatory environment	Control Activities	Assess risks	Information and communication	Monitoring
Regulatory environment	1				
Control Activities	0.089	1			

Assess risks	-0.042	0.679	1		
Information and communication	0.211	0.127	0	1	
Monitoring	-0.020	0.151	0	0.086	1

Table (4.10) above displays the results of the correlation matrix between the dimensions of internal control that represent the explanatory or independent variables in the study model. All the values of the correlation coefficients between pairs of independent variables are less than 80% and greater than -80%. Therefore, there is no indication of the existence of a multicollinearity problem among the study's explanatory variables.

Although the results of the correlation matrix between the dimensions that represent the explanatory variables do not indicate the existence of a multicollinearity problem, but this matrix is considered a preliminary diagnosis and not conclusive evidence, which prompts us to conduct a test of variance inflation factor (VIF) to resolve this issue.

4.4.2 Multicollinearity Test (variance inflation factor VIF)

This section presents the variance inflation factor (VIF) test for multicollinearity.

Table (4.11): Multicollinearity (VIF)

Variable	Tolerance	VIF
control environment	0.933	1.071
Control Activities	0.522	1.915
Assess risks	0.512	1.953
Information and communication	0.938	1.066
Monitoring	0.939	1.065

Table (4.11) above displays the results of the multicollinearity test to verify the validity of the correlation between the dimensions that represent the explanatory or independent variables. The test results indicate that all values of the variance inflation factor (VIF) are less than 5 for all dimensions that represent the independent variables. Therefore, there is no multicollinearity problem between these variables.

The results show that there is a positive statistically significant impact at level 5% of all dimensions of the internal control system combined on the performance of non-governmental organizations NGOs operating in Palestine, which indicates that an increase in the level of the internal control system leads to an increase in the level of performance of non-governmental organizations NGOs operating in Palestine, and therefore we can accept the main hypothesis that indicates there is a positive impact of the internal control system on the performance of non-governmental organization NGOs operating in Palestine.

4.5.2 Model of the impact of sub-dimensions internal Control System on the performance of NGOs

Testing the main hypothesis (H1): There is a statistically significant effect of the internal control system dimensions on the performance of non-governmental organizations (NGOs) operating in Palestine:

Table (4.13): Effect of the sub-dimensions of the internal control system on the performance of NGOs

Dependent variable	Model Summary		ANOVA			Coefficients					
		²		f	ig			td. Error	eta		ig.
Performance of non-governmental organizations (NGO)	.675	.559	1.54	49	.015	Constant	.182	.572		1.274	.000
						control environment	.036	.019	.048	.878	.056
						control activities	.029	.006	.079	.704	.006
						Assess risks	.036	.017	.079	.101	.045
						Information and	.035	.006	.074	.888	.000

						commu nication					
						Monitor ing	.015	.004	.031	.378	.014

Table (4.13) above displays the results of multiple regression to determine the effect of the internal control system dimensions on the management of non-governmental organizations NGOS operating in Palestine. The results indicate that the R-Square value of 0.559 indicates the ability of the model to explain, or in other words the ability of the change occurring in all dimensions of the internal control system to explain the change in the performance of non-profit organizations NGOs operating in Palestine. On the other hand, a medium R-Square value indicates the presence of other factors that affect the interpretation of the performance of non-profit organizations' NGOs that were not included in the study model, also the F-statistical probability value of 0.015 is less than 5%, indicating the validity of interpreting the model variables for the performance occurring in NGOs.

The results show that there is a positive impact at level 5% of (dimensions of control activities, assess risks, Information and Communication and monitoring) on the performance of non-governmental organizations NGOs operating in Palestine, also there is a positive impact at the 10% level of the dimension of the control environment on the performance of NGOs, which indicates that an increase in dimensions for internal control system leads to an increase in the level of performance of non-governmental organizations NGOs operating in Palestine, and therefore we can accept the main hypothesis that indicates that there is impact of the internal control system on the performance of non-governmental organization NGOs operating in Palestine.

4.5.3 Model of the impact of the control environment dimension on the performance of NGOs

Testing the first sub-hypothesis (H1.1): There is a significant effect of the control environment on the performance of non-governmental organizations (NGOs) operating in Palestine:

Table (4.14): Effect of the control environment dimensions of the internal control system on NOG performance

Dependent variable	Model Summary		ANOVA			Coefficients					
	R ²	Adjusted R ²	F	df	sig.		B	Std. Error	t	eta squared	sig.
Performance of non-governmental organizations (NGO)	.330	.279	.589	53	.048	Constant	.943	.251		5.725	.000
						Control environment	.022	.011	.030	.004	.048

Table (0-21) above displays the results of simple regression to determine the effect of the dimension of the control environment on the performance of non-governmental organizations NGOs operating in Palestine. The results indicate that the R-Square value of 0.330 indicates the ability of the model to explain, or in other words, the ability of the change occurring dimension of the control environment to explain the change in the performance of non-profit organizations, NGOs operating in Palestine. On the other hand, a low R-squared value indicates the presence of other factors that affect the interpretation of the performance of non-profit organizations, NGOs that were not included in the study model. also, the F-statistical probability value of 0.048 is less than 5%, indicating the validity of interpreting the model variables for the performance occurring in NGOs.

The results show that there is a positive impact at level 5% of the dimension of the control environment and the performance of non-governmental organizations NGOs operating in Palestine, which indicates that an increase in the dimension of the control environment leads to an increase in the level of performance of non-governmental organizations NGOS operating in Palestine, and therefore we can accept the main hypothesis that indicates there is impact of the dimension of the control environment on the performance of non-governmental organization NGOs operating in Palestine.

4.5.4 Model of the impact of control activities dimension on the performance of NGOs

Testing the second sub-hypothesis (H1.2): There is a significant effect of control activities on the performance of non-governmental organizations (NGOs) operating in Palestine:

Table (4.15): Effect of the control activities dimensions of the internal control system on NOGs' performance

D ependent variable	Mode l Summary		ANOVA			Coefficients					
		²		f	ig			td. Error	eta		ig.
Pe rforman ce of non- governm ental organiza tions (NGO)	.142	.02	.147	53	.078	(Constan t)	.658	.111		3.087	.000
						c ontrol activitie s	.053	.030	.057	.774	.078

Table (4.15) above displays the results of simple regression to determine the effect of the dimension of control activities on the performance of non-governmental organizations NGOs operating in Palestine. The results indicate that the R-Square value of 0.02 indicates the ability of the model to explain, or in other words, the ability of the change occurring dimension of the control activities to explain the change in the performance of non-profit organizations NGOS operating in Palestine. On the other hand, a low R-Square value indicates the presence of other factors that affect the interpretation of the performance of non-government organizations' NGOs that were not included in the study model, the F-statistical probability value of 0.078 is more than 5% but less than 10%, therefore the validity of interpreting the model variables for the performance occurring in NGOs.

The results show that there is a positive statistically significant relationship at level 10% between the dimension of the oversight activities and the performance of non-governmental organizations NGOs operating in Palestine, which indicates that an increase in the dimension of the oversight activities leads to an increase in the level of

performance of non-governmental organizations NGOS operating in Palestine, and therefore we can accept the main hypothesis that indicates there is of a relationship between the dimension of the control activities` and the performance of non-governmental organization NGOS operating in Palestine.

4.5.5 Model of the impact of risk assessment dimension on the performance of NGOs

Testing the third sub-hypothesis (H1.3): There is a significant effect of risk assessment on the performance of non-governmental organizations (NGOs) operating in Palestine.

Table (4.16): Effect of the risk assessment dimensions of the internal control system on NOG performance

Dependent variable	Model Summary		ANOVA			Coefficients					
	R	R ²	F	Df	Sig		B	Std. Error	Beta	T	Sig.
Performance of non-governmental organizations (NGO)	0.446	0.261	5.355	153	0.029	(Constant)	3.617	0.129		28.037	0.000
						Assess risks	0.067	0.032	0.689	2.1440	0.029

Table (4.16) above displays the results of simple regression to determine the effect of the dimension of risk assessment on the performance of non-governmental organizations NGOS operating in Palestine. The results indicate that the R-Square value of 0.261 indicates the ability of the model to explain, or in other words, the ability of the change occurring dimension of the risk assessment to explain the change in the performance of non-profit organizations NGOs operating in Palestine. On the other hand, a low R-Square value indicates the presence of other factors that affect the interpretation of the performance of non-government organizations' NGOs that were not included in the study model. also, the F-statistical probability value of 0.29 is less than 5% therefore can we say the validity of interpreting the model variables for the performance occurring in NGOs.

The results show that there is a positive statistically significant relationship at level 5% between the dimension of the risk assessment and the performance of non-

governmental organizations NGOs operating in Palestine, which indicates that an increase in the dimension of the risk assessment leads to an increase in the level of performance of non-governmental organizations NGOS operating in Palestine, and therefore we can accept the main hypothesis that indicates there is impact of the dimension of the risk assessment on the performance of non-governmental organization NGOs operating in Palestine.

4.5.6 Model of the impact of information and communication dimension on the performance of NGOs

Testing the fourth sub-hypothesis (H1.4): There is a significant effect of information and communication efficiency on the performance of non-governmental organizations (NGOs) operating in Palestine.

Table (4.17): Effect of the information and communication dimensions of the internal control system on NOG performance

Dependent variable	Model Summary		ANOVA			Coefficients					
	R	R ²	F	Df	Sig.	B	Std. Error	Beta	T	Sig.	
Performance of non-governmental organizations (NGO)	0.282	0.137	5.025	153	0.047	(Constant)	3.708	0.143		25.964	0.000
						Information and communication	0.080	0.038	0.082	2.112	0.047

Table (4.17) above displays the results of simple regression to determine the effect of the dimension of information and communication on the performance of non-governmental organizations NGOs operating in Palestine. The results indicate that the R-Square value of 0.137 indicates the ability of the model to explain, or in other words, the ability of the change occurring dimension of information and communication to explain the change in the performance of non-profit organizations, NGOs operating in Palestine. On the other hand, a low R-Square value indicates the presence of other factors that affect the interpretation of the performance of non-government organizations NGOS that were not included in the study model. also, the F-statistical probability value of 0.047 is less

than 5%; therefore, can we say the validity of interpreting the model variables for the performance occurring in NGOs?

The results show that there is a positive statistically significant relationship at level 5% between dimension of information and communication and the performance of non-governmental organizations NGOs operating in Palestine, which indicates that an increase in the dimension of the information and communication leads to an increase in the level of performance of non-governmental organizations NGOs operating in Palestine, and therefore we can accept the main hypothesis that indicate there is of a relationship between the dimension of information and communication and the performance of non-governmental organization NGOs operating in Palestine.

4.5.7 Model of the impact of monitoring dimension on the performance of NGOs

Testing the fifth sub-hypothesis (H1.5): There is a significant effect of monitoring dimensions on the performance of non-governmental organizations (NGOs) working in Palestine.

Table (4.18): Effect of the follow-up dimensions of the internal control system on NOG performance

Dependent variable	Model Summary		ANOVA			Coefficients					
	R	R Square	F	df	Sig.	Constant	Monitoring	td. Error	eta	Sig.	
Performance of non-governmental organizations (NGO)	.269	.175	.734	53	.006	(C onstant)	.730	.143		6.160	.000
						M onitoring	.163	.039	.069	.179	.006

Table (4.18) above displays the results of simple regression to determine the effect of the dimension of monitoring on the performance of non-governmental organizations NGOs operating in Palestine. The results indicate that the R-Square value of 0.175 indicates the ability of the model to explain, or in other words, the ability of the change

occurring dimension of monitoring to explain the change in the performance of non-profit organizations, NGOs operating in Palestine. On the other hand, a low R-Square value indicates the presence of other factors that affect the interpretation of the performance of non-governmental organization's NGOs that were not included in the study model. also, the F-statistical probability value of 0.006 is less than 5%; therefore, can we say the validity of interpreting the model variables for the performance occurring in NGOs?

The results show that there is a positive statistically significant relationship at level 5% between the dimension of monitoring dimensions and the performance of non-governmental organizations NGOs operating in Palestine, which indicates that an increase in the dimension of monitoring leads to an increase in the level of performance of non-governmental organizations NGOs operating in Palestine, and therefore we can accept the main hypothesis that indicates there is of a relationship between the dimension of monitoring dimensions and the performance of non-governmental organization NGOS operating in Palestine.

Chapter 5 Discussion and Recommendations

5.1 Introduction

This chapter discusses the most important results that the research reached from testing the hypotheses and discusses the extent of their interconnection with previous literature, the most important recommendations, and the following thesis

5.2 The Results

1. There is a positive effect of the internal control system on the performance of non-governmental organizations NGOs, as this result indicates that non-governmental organizations NGOs that have a high level of internal control system also have a high level of performance.
2. There is a positive effect of the control environment dimension on the performance of non-governmental organizations NGOs operating in Palestine, which indicates that non-governmental organizations that enjoy an ideal regulatory environment by effective organizational principles and controls reflect positively on the performance of these organizations. The results indicate that a controlled environment has a significant impact on performance. Specifically, a robust and effective internal control environment enhances the performance of NGOs, while a weak internal control environment can lead to a decline in performance. These findings align with earlier research (Eke, 2018; Ofei, Asante & Andoh, 2020), which established that the control environment plays a crucial role in influencing organizational performance.
3. There is a positive impact of the dimension of control activities on the performance of non-governmental organizations NGOs operating in Palestine, as this result indicates that non-governmental organizations NGOs that have an effective level of oversight activities have an ideal level of performance. These results are consistent with previous research, which concluded that control activities play a vital role in influencing performance (Eke, 2018).
4. There is a positive impact of the risk assessment dimension on the performance of non-governmental organizations NGOs operating in Palestine, as this result indicates

that non-governmental organizations NGOS that have an effective strategy in assessing and managing risks in an perfect manner have perfect performance. The findings suggest that risk assessment significantly affects performance. Proper identification and analysis of organizational risks can enhance performance, whereas inadequate responses to risks may hinder it. These results are consistent with previous research, which concluded that risk assessment plays a vital role in influencing performance (Eke, 2018). There is a positive impact of the availability of information and effective communication dimension on the performance of non-governmental organizations NGOS operating in Palestine, as this result indicates that non-governmental organizations NGOS that have an effective communication mechanism that allows the provision of information and allows effective feedback to arrive, enjoy a high level of performance. A robust information and communication system can boost performance, whereas an ineffective information dissemination system may hinder it. This finding supports prior research, which concluded that information systems impact performance (Bett & Memba, 2017).

5. There is a positive effect of the monitoring dimension on the performance of non-governmental organizations NGOs operating in Palestine, as this result indicates that non-governmental organizations NGOs that use effective methods in monitoring on the work of individuals or entities working in the organization have a high level of performance. The findings align with earlier research that identified a positive relationship between monitoring and management (Lagat, Okelo & Terer, 2016).

5.3 Theoretical Implication

According to the results of the study, its theoretical implications become clear in terms of assessing the level of internal control in non-governmental organizations NGOs in all its dimensions by studying their characteristics and studying the factors that ideally improve the level of performance of non-governmental organizations. Therefore, this study presented a set of theoretical implications through which several matters were suggested that would increase and develop the level of performance of non-governmental organizations NGOs operating in Palestine. In addition, this study is considered one of the rare studies that focused on the issue of the quality of the internal control system for

non-government organizations NGOs operating in Palestine, with clarification and design of comprehensive methodology. especially at the level of non-governmental organizations NGOs that are characterized by effective internal control systems

5.4 Practical Implication

The study focused on the level of performance of non-governmental organizations NGOs operating in Palestine by identifying the impact of the quality of the internal control system, which plays an important role in enhancing the efficiency of the organization's workflow. The results of the study showed that the quality of internal control in the organization has an impact on the performance of non-governmental organizations operating in Palestine. Therefore, the characteristics of the organization's internal control systems are considered an important basis for achieving effective performance. Therefore, the practical application of this study will focus primarily on the work of non-governmental organizations NGOs operating in Palestine. Therefore, the more the internal control system in organizations is described as effective and solid, the more this will lead to achieving better performance for the organizations while presenting proposals that serve the work of the organizations for the better. Providing solutions that contribute to achieving better performance

5.5 Study Recommendations

This study recommends that non-governmental organizations (NGOs) in Palestine enhance their internal control systems to improve operational efficiency, strengthen financial accountability, and foster a culture of transparency and professionalism among employees, stakeholders, and funding entities. Strengthening these systems will contribute to improved organizational performance and sustainability. Furthermore, it is recommended that future research be conducted to analyze the relationship between governance and sustainability in NGOs. Examining this relationship can provide valuable insights into best practices for ensuring long-term resilience and effectiveness within the sector.

5.6 Future Research

This study indicates to future researchers the need to focus on studies that are concerned with the efficiency of internal control systems in non-governmental organizations (NGOs) and methods of developing them, due to their importance in influencing the performance of non-governmental organizations (NGOs).

The study recommends that future researchers should reapply the study to a sample that includes all public non-governmental (NGOs) organizations in Palestine so that the results are more reliable in generalization, which in turn leads to the solidity and strength of decisions based on these results.

References

- Accounting Standards Board (ASB). (1995). Opinion on the applicability of accounting standards to non-governmental organizations.
- Al-Saeed, K. (2013). Transparency, information, and communication in NGOs: The role of internal controls. *Journal of Nonprofit Management*, 17(2), 56–73.
- Anheier, H. K., & Ben-Ner, A. (2020). Nonprofit organizations. In *Oxford research encyclopedia of business and management*. Oxford University Press.
- Boagye-Otchere, F., & Agbeibor, J. (2012). The international financial reporting standard for small and medium-sized entities (IFRS for SMEs) suitability for small businesses in Ghana. *Journal of Financial Reporting and Accounting*, 10(2), 190–214.
- Bongani, N. (2013). Application of internal controls in NGOs: Evidence from Zimbabwe. *Journal of Finance and Accounting*, 1(2), 39–47.
- Bradford, C. (2009). Internal control system and the detection and prevention of fraud in an organization. Retrieved from <http://smallbusiness.chron.com>
- Brijlal, P., Enow, S., & Isaacs, E. B. (2014). The use of financial management practices by small, medium and micro enterprises: A perspective from South Africa. *Industry and Higher Education*, 28(5), 341–350.
- Brynen, R. (1995). NGOs in the maze of Palestinian politics. *Middle East Report*, (196), 18–22.
- Carolyn, C. A. (2017). Financial reporting by charities: A matched case study analysis from four countries. *Public Money and Management*, 37(3), 165–172.
- Chenhall, R., Hall, M., & Smith, D. (2010). Social capital and management control systems: A study of a non-government organization. *Accounting, Organizations and Society*, 35(8), 737–756. <https://doi.org/10.1016/j.aos.2010.09.006>
- Committee of Sponsoring Organizations of the Treadway Commission. (2013). Internal control—Integrated framework. Retrieved from <http://www.coso.org/publications/executive-summary-integrated-framework.htm>
- Committee of Sponsoring Organizations of the Treadway Commission (COSO). (2013). Internal control—Integrated framework. Retrieved from

<https://www.coso.org/Documents/2013-Internal-Control-Integrated-Framework-Executive-Summary.pdf>

- Coop, S. (1997). *Auditing simplified* (1st ed.). Gee and Company LTD.
- Cooper, D. R., Schindler, P. S., & Cagwin, D. (1984). *Manual of auditing* (4th ed.). DP LTD Publication.
- Cordery, C. J., & Simpkins, K. (2016). Financial reporting standards for the public sector: New Zealand's 21st-century experience. *Public Money and Management*, 36(3), 209–218.
- Deloitte. (2015). COSO – Control environment. Retrieved from <https://www.deloitte.com/ng/en/services/audit/perspectives/coso-control-environment.html>
- Eccles, R. G., & Saltzman, D. (2011). Achieving sustainability through integrated reporting. *Stanford Social Innovation Review*, 9(3), 56–61.
- Engel, C. J. (2016). A primer on the accounting and reporting requirements for not-for-profit organizations. *Journal of Public Management Research*, 2(1), 14–21.
- France, R., & Regmi, P. (2019). Information accountability in a nonprofit organization. *Journal of New Business Ideas and Trends*, 17(1), 26–34.
- Gerrit, S., et al. (2010). Monitoring effects of internal auditing: Agency theory versus other explanatory variables. *Internal Journal of Auditing*. Blackwell Publishing.
- Goldon, A. D. (2011). It's time for principles-based accounting ethics. *Journal of Business Ethics*, 99(1), 49–59.
- Green, E., & Trieschmann, J. S. (2007). Monitoring and evaluation in NGOs: The key to effective internal controls. *Nonprofit Management and Leadership*, 18(2), 147–163.
- Hall-Jones, J. (2006). NGOs. In *The SAGE dictionary of cultural studies* (Vol. 2, pp. 190–191). SAGE Publications.
- Henk, O. (2020). Internal control through the lens of institutional work: A systematic literature review. *Journal of Management Control*, 31, 239–273. <https://doi.org/10.1007/s00187-020-00301-4>
- Jad, I. (2007). Between compliance and resistance: Palestinian NGOs and the Palestinian Authority. *International Journal of Middle East Studies*, 39(3), 399–418.
- Jamal, A. (2003). Financial integrity and accountability in Palestinian NGOs. *Development in Practice*, 13(5), 529–536.

- Jamal, A. M. (2003). Financial integrity and accountability in Palestinian NGOs. *Public Integrity*, 5(1), 43–59.
- Johnstone, K., Bedard, J., & Biggs, D. F. (2007). Risk assessment and internal controls in NGOs: An empirical investigation. *Auditing: A Journal of Practice & Theory*, 26(2), 89–117.
- Johnstone, K., Bedard, J. C., & Biggs, S. (2007). Accounting, accountability, and governance in nonprofit organizations. In *The Oxford handbook of business and government* (pp. 548–579). Oxford University Press.
- Johnson, R. A. (2015). Ethics in NGOs: Evidence from a survey. *International Journal of Nonprofit and Voluntary Sector Marketing*, 20(2), 80–95.
- Kakuru, J. B. (2001). *Financial management* (1st ed.). Business Publishing Group.
- Kaya, D., & Koch, M. (2015). Countries adoption of the international financial reporting standard for small and medium-sized entities (IFRS for SMEs)—Early empirical evidence. *Accounting and Business Research*, 45(1), 93–120.
- Knechel, W. R., Salterio, S. E., & Ballas, A. (2016). An internal audit independence framework. *Accounting Horizons*, 30(2), 289–315.
- Krishnan, R. (2005). Compliance with rules and regulations in NGOs: An empirical examination. *Journal of Accounting and Public Policy*, 24(5), 427–458.
- Kuruppu, D., Dissanayake, D., & de Villiers, C. (2022). Blockchain and the financial accountability of non-governmental organizations (NGOs): Opportunities and challenges. In *2022 55th Hawaii International Conference on System Sciences (HICSS)* (pp. 5084–5093). IEEE.
- Lindenberg, M., & Bryant, R. (2001). Resilience in action: Palestinian civil society and the impact of the Al-Aqsa Intifada. *Development*, 44(3), 32–36.
- Mawanda, S. P. (2008). Effects of internal control systems on financial performance in an institution of higher learning in Uganda: A case of Uganda Martyrs University. Retrieved from https://www.academia.edu/4812543/EFFECTS_OF_INTERNAL_CONTROL_SYSTEMS_ON_FINANCIAL_PERFORMANCE
- McGann, J. G., & Johnstone, J. R. (2006). Estimating the size and scope of the nonprofit sector. In *Handbook of research on nonprofit economics and management* (pp. 1–13). Edward Elgar Publishing.

- Ming, J., & Wang, C. (2009). The role of segregation of duties in NGO financial management: A comparative study. *Journal of Comparative Policy Analysis*, 11(2), 203–219.
- Ming, Y., & Wang, C. L. (2009). Bing internal controls, auditing and forensic audit opinion. *Financial Theory and Practice*, Chinese.
- Mishra, S., & Dhillon, G. (2007). A theoretical basis for defining internal control objectives for information systems security. *AMCIS 2007 Proceedings*, 347.
- Nakitare, T. (2018). The potential of international financial reporting standards for small and medium-sized enterprises (IFRS for SMEs) in enhancing financial reporting among NGOs.
- NGO Affairs Bureau. (2012). *Legal framework for NGOs in Bangladesh*.
- Nobes, C. W., Stadler, C., & Others. (2015). Lack of globally converged financial reporting standards in the NGO sector: Challenges and implications.
- Ntongo, F. (2012). The effect of compliance with regulations on NGO performance: A case study in Uganda. *Nonprofit and Voluntary Sector Quarterly*, 41(4), 580–602.
- Ntongo, V. (2012). Internal controls, financial accountability and service delivery in private health providers of Kampala District.
- Raghunandan, K. (2010). Risk assessments and NGO performance metrics: An empirical examination. *Nonprofit Management & Leadership*, 21(2), 209–224.
- Rautiainen, A. (2011). Monitoring, evaluation, and the performance of NGOs: An integrative perspective. *Journal of Nonprofit & Public Sector Marketing*, 23(4), 272–289.
- Roy, S. (1999). Palestinian NGOs in Israel: The politics of civil society. *Development in Practice*, 9(1–2), 147–156.
- Roy, S. (1999). The regulation of Palestinian NGOs: A critical assessment. *International Journal of Not-for-Profit Law*, 1(1), 33–56.
- Smith, D. (2008). Information and communication in NGO management: A transparency perspective. *Nonprofit Management & Leadership*, 19(1), 43–57.
- Teelken, C. (2008). The intricate implementation of performance measurement systems: Exploring developments in professional-service organizations in the Dutch non-profit sector. Retrieved from <http://ras.sagepub.com/content/74/4/615.short>

- University of California San Diego (UCSD). (n.d.). Understanding internal controls. Retrieved from <https://www-bfs.ucsd.edu/blink/ocbfs/acc/UnderstandIC.pdf>
- Weisbrod, B. A. (2015). Nonprofit organizations. In J. J. Siegfried & M. A. Pagano (Eds.), *Handbook of the economics of giving, altruism and reciprocity* (Vol. 2, pp. 1131–1163). Elsevier.
- Yang, M., & Chun-Li, W. B. (2009). Internal controls, auditing and forensic audit opinion. *Financial Theory and Practice*, Chinese.

Appendices

Appendix1 Names of the arbitrators

Name	Institution	Mobile Number	Email
Dr. Husni SHanak	Palestine Technical University – Kadoorie	0599825121	hosni.shanak@gmail.com
Dr. Rabee Shorafa	Palestine Technical University – Kadoorie	0595253250	rabee.shurafa@ptuk.edu.ps
Dr. Othman Sawafta	Palestine Technical University – Kadoorie	0595346578	o.sawafta@ptuk.edu.ps
Dr. Omar Rahhal	Shams Center	0599525054	omarrahall98@hotmail.com
Dr. Naser Albedelkarim	Arab American University	0597977691	t_darabea@staff.alquds.edu

Appendix2 Questionnaire



Dear Respected Participants,

The researcher is conducting a master's thesis titled: "The Impact of Internal Control Systems on the Performance of Palestinian Non-Governmental Organizations: Evidence from Palestinian NGOs." Your expertise and knowledge are valuable for completing this survey. Kindly answer all sections objectively. Responses will remain confidential and used only for academic purposes.

For inquiries, contact:
Phone: 0592064503

Email: mohammadnaser98@gmail.com

Researcher: Mohammad Hatem Dawood Naser

Supervisor: Prof. Dr. Zahran Dragmeh

Year: 2023/2024

Section One: Demographic Information

Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
Educational Level	<input type="checkbox"/> Diploma or below <input type="checkbox"/> Bachelor's <input type="checkbox"/> Master's <input type="checkbox"/> Doctorate
Job Title	<input type="checkbox"/> Accountant <input type="checkbox"/> Financial Manager <input type="checkbox"/> Executive Manager <input type="checkbox"/> Internal Auditor
Years of Experience	<input type="checkbox"/> Less than 5 years <input type="checkbox"/> 5–10 years <input type="checkbox"/> 11–15 years <input type="checkbox"/> 15 years or more

Section Two: Internal Control

Please indicate the extent of your agreement with each statement by marking (×) in the appropriate box:

Control Environment in NGOs					
An organizational structure with a clear chain of command exists.					
Competent individuals are recruited, and their skills are developed.					
Responsibilities are clearly distributed among employees.					
A code of professional or ethical conduct exists in your organization.					
The Board of Directors effectively performs its oversight duties.					
Control Activities in NGOs					
Precise delegation of authority exists for completing transactions and activities.					
A systematic documentation system and proper records are maintained.					
Control activities protect assets, records, and data.					

Tasks with overlapping responsibilities are segregated among departments.					
Independent entities evaluate performance.					
Risk Assessment in NGOs					
A risk management committee/unit exists within the organization.					
The internal control system reduces inherent risks.					
Risks are managed through avoidance strategies.					
Risks are managed through sharing methods, such as insurance.					
Potential risks are identified, managed, and assessed for their likelihood and severity.					
Information and Communication in NGOs:					
Monthly and annual control reports are submitted to the Board of Directors.					
Employees are informed of their duties and responsibilities through official channels.					
An effective communication system exists from top to bottom and vice versa.					
Employees are trained on internal controls and their implementation.					

Feedback is utilized for improvements					
Monitoring in NGOs					
Supervisors monitor employees' task performance.					
Each manager's responsibilities are clearly defined.					
A responsibility accounting system is used in your organization.					
An internal audit department exists within the organization.					
Feedback from the internal audit unit is considered					

Section Three: NGO Performance

There is an increase in donations and grants received by the organization.					
There is a decrease in the deficit of activity statements.					
Expenses are managed efficiently.					
The financial position of the organization is improving.					
Beneficiary satisfaction with provided services has increased.					
The organization's assets are growing.					

Budgetary adherence is maintained in expenditures.					
Services provided are expanding.					
Beneficiary satisfaction with organizational services has improved.					

Appendix 3 Questionnaire Arabic



استمارة استبيان

السادة الأفاضل

تحية وبعد،،،،،

يقوم الباحث بإعداد رسالة ماجستير بعنوان: أثر نظام الرقابة الداخلية على أداء المنظمات الاهلية الفلسطينية: دليل من المنظمات الاهلية الفلسطينية، لغرض استكمال متطلبات الحصول على درجة الماجستير في المحاسبة والتدقيق من كلية الدراسات العليا في الجامعة العربية الأمريكية. بحكم خبرتك ومعرفتك بموضوع الرسالة، يرجى التعاون في الإجابة على كافة مكونات الاستبيان بموضوعية، وذلك بوضع إشارة (X) في المكان المناسب. مع العلم أنه سيتم التعامل مع البيانات بسرية تامة ولن تستخدم إلا لأغراض البحث العلمي، وسيتم تزويدك بنتائج الدراسة في حال رغبتك بذلك.

مع بالغ الشكر على تعاونكم

إرشادات عامة:

1. في حالة وجود أي استفسار لا تتردد في الاتصال بالباحث على رقم الجوال 0592064503 أو عبر البريد الإلكتروني التالي mohammadhnaser98@gmail.com.
2. يرجى الإجابة على جميع الأسئلة، مع العلم أنه سيتم التعامل مع إجابتك بسرية تامة مع مسؤوليتي الكاملة عن ذلك.

3. ترك جزء من الأسئلة فارغاً يجعل الاستبيان غير قابل للتحليل، لذا أمل منك أن تساعدوني في إكمال العام: 2024/2023 رسالتي.

حول الإجابة (X) التعريفية/ يرجى التكرم بالإجابة عن الأسئلة الآتية بوضع إشارة. القسم الاول: البيانات المناسبة.			
A1	الجنس	ذكر <input type="checkbox"/>	أنثى <input type="checkbox"/>

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	المستوى التعليمي	A2
دكتوراة	ماجستير	بكالوريوس	دبلوم فما دون		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	الوصف الوظيفي	A3
مراقب داخلي	مدير تنفيذي	مدير مالي	محاسب		
<input type="checkbox"/> 15	من <input type="checkbox"/>	من 5- <input type="checkbox"/>	أقل <input type="checkbox"/>	سنوات الخبرة	A4
سنة فأكثر	سنة 1115-	10 سنوات	من 5 سنوات		
<input type="checkbox"/> لا	<input type="checkbox"/> نعم	رقابة داخلية هل يوجد بمؤسستكم وحدة			A5

القسم الثاني: الرقابة الداخلية / يرجى ابداء مدى موافقتك على كل بند من خلال وضع إشارة × في المكان المناسب.

موا فق بشدة	موا فق	محا يد	غير موا فق	غير موا فق بشدة	المحور الأول: البيئة الرقابية في المؤسسات الاهلية	
5	4	3	2	1	يوجد هيكل تنظيمي يتضمن التسلسل الإداري.	B 1
5	4	3	2	1	يتم استقطاب الأفراد ذوي الكفاءة وتطوير مهاراتهم.	B 2
5	4	3	2	1	الصلاحات والمسؤوليات موزعة بوضوح بين الموظفين.	B 3
5	4	3	2	1	وجود مدونة سلوك مهني او مدونة سلوك اخلاقي في مؤسستكم .	B 4
5	4	3	2	1	مجلس الإدارة يمارس مهامه الرقابية بشكل فعال.	B 5

المحور الثاني: الأنشطة الرقابية في المؤسسات الاهلية						
5	4	3	2	1	يوجد تفويض دقيق لإتمام المعاملات والنشاطات.	C 1
5	4	3	2	1	يوجد نظام مستندي وسجلات أصولية.	C 2
5	4	3	2	1	هناك أنشطة رقابية لحماية الأصول والسجلات والبيانات.	C 3
5	4	3	2	1	يوجد فصل في المهمات المتداخلة بين الاقسام.	C 4
5	4	3	2	1	يتم تقييم الأداء من جهات مستقلة.	C 5
المحور الثالث: تقييم المخاطر في المؤسسات الاهلية						
5	4	3	2	1	يوجد لجنة/ دائرة إدارة مخاطر في المؤسسة.	D 1
5	4	3	2	1	نظام الرقابة الداخلي ساهم في الحد من المخاطر المتأصلة.	D 2
5	4	3	2	1	يتم إدارة المخاطر من خلال	D 3

					تجنب الخطر منها.	
5	4	3	2	1	يتم إدارة المخاطر من خلال مشاركتها مثل التأمين.	D 4
5	4	3	2	1	يتم تحديد المخاطر المحتملة وإدارتها وقياس احتمال حدوث الخسارة وشدة خطورتها.	D 5
المحور الرابع: المعلومات والتواصل في المؤسسات الأهلية						
5	4	3	2	1	يتم تقديم تقارير رقابية شهرية و سنوية لمجلس الإدارة.	E 1
5	4	3	2	1	يتم اعلام الموظفين بواجباتهم ومسؤولياتهم عبر قنوات رسمية.	E 2
5	4	3	2	1	يوجد نظام اتصال	E 3

					فعال بالمؤسسة من اعلى لأسفل والعكس.	
5	4	3	2	1	يتم تدريب الموظفين حول الرقابة الداخلية وتنفيذ إجراءاتها.	E 4
5	4	3	2	1	يتم الاعتماد على التغذية الراجعة لإجراء التحسينات.	E 5
المحور الخامس: المتابعة في المؤسسات الالهية						
5	4	3	2	1	يوجد مشرفين يراقبون انجاز الموظفين لأعمالهم.	F 1
5	4	3	2	1	يتم تحديد مسئوليات كل مدير مركز وظيفي.	F 2
5	4	3	2	1	يتم استخدام نظام محاسبة المسئولية في منظمتكم.	F 3
5	4	3	2	1	يوجد دائرة تدقيق	F 4

					داخلي في المؤسسة.	
5	4	3	2	1	يوجد تغذية راجعه من وحدة التدقيق الداخلي.	F 5

القسم الثالث: أداء المؤسسات الاهلية، يرجى ابداء رايك حول كل بند مدرج أدناه.

موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة		
5	4	3	2	1	يوجد نمو في الإيرادات لدى المؤسسة.	G1
5	4	3	2	1	هناك نمو في الهبات والمنح التي تحصل عليها المؤسسة.	G2
5	4	3	2	1	هناك انخفاض في عجز قائمة الأنشطة.	G3
5	4	3	2	1	هناك إدارة جيدة للنفقات.	G4
5	4	3	2	1	يوجد نمو بالوضع المالي للمؤسسة.	G5
5	4	3	2	1	هناك تحسين	G6

					بمستوى رضا المستفيدين عن الخدمات المقدمة.	
5	4	3	2	1	هناك نمو بأصول المنظمة.	G7
5	4	3	2	1	يتم الالتزام بالموازنة الموضوعة فيما يخص المصاريف.	G8
5	4	3	2	1	يوجد نمو في الخدمات المقدمة.	G9
5	4	3	2	1	تطور رضا المستفيدين من خدمات المنظمة.	G10

أثر نظام الرقابة الداخلية على أداء المنظمات غير الحكومية الفلسطينية

محمد حاتم داود ناصر

الأستاذ الدكتور زهران دراغمة

الدكتور ناصر عبد الكريم

الدكتور أكرم رحال

ملخص

الهدف: تهدف الدراسة إلى دراسة تأثير نظام الرقابة الداخلية على أداء المنظمات غير الحكومية الفلسطينية، وذلك من خلال دراسة تأثير خصائص نظام الرقابة الداخلية (بيئة الرقابة، تقييم المخاطر، أنشطة الرقابة، المعلومات والاتصالات، المراقبة). على أداء المنظمات غير الحكومية الفلسطينية.

مجتمع الدراسة وعينتها: يتكون مجتمع الدراسة من المنظمات غير الحكومية العاملة في فلسطين والتي يقع مقرها الرئيسي في مدينة رام الله. يتكون مجتمع الدراسة من 160 منظمة غير حكومية، تم استهداف 45 منها في عينة الدراسة. تم استهداف 4 موظفين من كل شركة وتم إرسال الاستبيان المعد لأغراض الدراسة إليهم وتم استرجاع 155 منهم.

تؤكد هذه الدراسة على وجود علاقة إيجابية بين أنظمة الرقابة الداخلية وأداء المنظمات غير الحكومية. وتشمل العوامل الرئيسية التي تساهم في تحسين الأداء في المؤسسات وهي بيئة الرقابة القوية، وأنشطة الرقابة الفعالة، وتقييم المخاطر القوي، وآليات الاتصال الفعالة، والمراقبة المستمرة. وتعمل هذه العناصر مجتمعة على تحسين الشفافية والمساءلة والكفاءة التشغيلية في المنظمات غير الحكومية.

الكلمات المفتاحية: نظام الرقابة الداخلية، أداء المنظمات غير الحكومية، تقييم المخاطر، المتابعة والرقابة، المساءلة في المنظمات غير الربحية.