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Impact of Financial Planning and Monitoring on the Management Practices of CAFOD Sierra Leone

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ABSTRACT: The study assessed the impact of financial planning and monitoring on the management practices of CAFOD Sierra Leone, using a mixed-method approach. Data were collected from CAFOD staff and project beneficiaries to evaluate the financial management processes and their influence on service delivery of Non-Government Organisations in Sierra Leone. However, the findings revealed that financial planning significantly supports managing funding shortfalls (28%) and risk management (26%), with (65%) of respondents affirming its role in facilitating service delivery and (63%) highlighting its importance in programme success. Financial monitoring emphasises operational transparency and stewardship, but (40%) of respondents reported a need to strengthen internal controls to prevent misuse of funds. Challenges include inadequate funding (30%), donor delays (30%), partner sustainability (25%), and fundraising difficulties (25%), compounded by macroeconomic and technical issues. The study concludes that financial planning and monitoring are vital to the effectiveness of CAFOD's service and advocates empowering local partners and improving financial management practices to ensure sustainable programme delivery. The study will be useful to religious organisations, particularly faith-based institutions involved in development and humanitarian work. The findings will encourage such organisations to strengthen their financial systems, enhance accountability to stakeholders, and improve the effectiveness of their service delivery efforts.

KEYWORDS: Financial Planning, Financial Monitoring, Management Practices, CAFOD, Sierra Leone

1.1 INTRODUCTION

Financial planning and monitoring are vital components in the management of the finances of institutions, which describe that institutions need to set goals ahead in achieving their financial objectives. Financial sustainability is a significant challenge for NGOs, which often depend on limited funding sources but continue to operate in the long-run. Financial planning is an inescapable part of the financial management practices of public and private institutions, and if not properly addressed by organizations would impact on its finances in the long-run. Mensah et al. (2020) described financial management as the process of managing financial resources, including forecasting, budgeting, accounting, and financial reporting. Also, the nexus between financial planning and monitoring will positively impact on the finances of organizations. Financial monitoring institutes controls or establishing measures to mitigate against any potential threats in the management of finance. Institution's financial controls reduce financial irregularities, financial meltdown and the misappropriation of funds. Dewandaru et. al. (2019) examined financial management's role in public academic institutions' decision-making process as secondary. The strategy of obtaining funds from various sources, such as grants, donations, service fees, and income-generating activities, is known as revenue diversification, Saeed et.al., (2019).

CAFOD Sierra Leone founded in 1962 to combat poverty and injustice worldwide, the Catholic Agency for International Development (CAFOD) is the official international charity organisation of the Catholic Church in England and Wales. As a division of Caritas Internationalis, it provides emergency assistance and sustainable development programmes to communities in Africa, Asia, Latin America, and the Middle East, regardless of origin. CAFOD's declared goal is to combat poverty worldwide.

CAFOD seeks to directly assist people in their local communities and to advocate for global justice through the local Catholic Church and secular allies. In 2023, 42 nations in Africa, Asia, Europe, the Middle East, Latin America, and the Caribbean implemented CAFOD programs. Instead of being a direct implementer, CAFOD operates in accordance with the localisation principle through local partner groups like Action on Disability and Development in Bangladesh and Caritas

Marsabit, a diocesan partner in northern Kenya, using a decentralised approach,

CAFOD Sierra Leone collaborates with regional partners, such as Caritas Kenema and KADDRO. A key component of its operating approach is financial management, which ensures the efficient and transparent use of donor funds. In contrast, the economic literature has largely ignored the management and resource-allocation practices of these organisations. In fact, the growing body of literature on financial management does not sufficiently recognise the contributions of accountants and financial managers, both as individuals and as professional organisations (Li et al., 2020). According to Nizam.

1.2: THEORETICAL PERSPECTIVE

The study is anchored on the agency theory developed by **Jensen and Meckling (1976).** The theory explains the relationship between (principals, agents and managers) which highlights the importance of accountability mechanisms in managing delegated powers. The theory suggests that effective monitoring, reporting, and financial control systems reduce information asymmetry and ensure that organizational resources are utilized in accordance with stakeholders' expectations. Within the context of CAFOD Sierra Leone, the agency theory provides a useful framework for understanding how financial planning and monitoring contribute to transparency, accountability, and improved management practices.

Key Limitations:

- The relationship between the principals, agents and managers is not quantified for scientific reasons.
- The agents might sometimes act beyond their delegated powers thereby subjecting crucial decisions to their own interests.
- The agency relationship is not strong if it has no financial bearing and other infringements.
- The financial controls in the agency relationship would not be effectiveness if the monitoring of controls is not instituted.

1.3 OVERVIEW OF THE LITERATURE

The study on the Impact of Financial Planning and Monitoring on the Management Practices of CAFOD Sierra Leone draws from existing literature on financial management, financial planning and monitoring. The reviewed studies provide valuable insights into how financial management practices contribute to accountability, sustainability, transparency, and effective service delivery. However, despite these contributions, significant gaps remain, particularly in the context of faith-based and humanitarian organizations operating in developing countries such as Sierra Leone. Mensah et al. (2020) examined financial management involves forecasting, budgeting, accounting, financial reporting, and resource allocation aimed at achieving organizational objectives. Effective financial planning enables organizations to allocate resources efficiently, anticipate financial challenges, and maintain operational sustainability.

Bhushan and Medury (2013) argued that financial literacy and financial planning are essential determinants of sound financial decision-making, emphasizing that informed planning improves resource utilization and long-term organizational stability. Agarwalla et. al. (2015) observed that financial knowledge and education significantly influence financial planning behavior. Their study among young professionals in urban India found that individuals with greater financial knowledge were more capable of making strategic financial decisions and managing resources effectively.

Sehgal and Chaturvedi (2017) determined that financial goals, savings behavior, risk tolerance, and knowledge of financial products influence financial planning decisions. The study also observed that individuals who engage in strategic financial planning are better positioned to achieve organizational and personal financial objectives. Their findings suggest that effective planning contributes significantly to organizational resilience and performance. Mulinge (2021) observed that internal auditing serves as an independent and objective assurance function that enhances organizational operations and governance. Effective monitoring systems help organizations detect financial irregularities, improve compliance, and strengthen decision-making processes.

Nhial et al. (2025) demonstrated that integrated financial management information systems significantly improve internal audit practices, internal control systems, accountability, and financial reporting mechanisms. The study found a positive relationship between internal auditing and organizational performance, suggesting that robust monitoring frameworks contribute directly to institutional effectiveness. Saeed et al. (2019) described revenue diversification as an essential strategy for obtaining funds from multiple sources, including grants, donations, service fees, and income-generating activities. They argued that organizations with diversified revenue streams are better able to withstand financial shocks and maintain operational continuity.

Mutinda and Ngahu (2016) examined factors affecting the financial sustainability of NGOs and concluded that effective financial management practices are fundamental to organizational survival and long-term viability. The study emphasized that prudent budgeting, financial accountability, and diversified funding strategies as key determinants of sustainability. Agyemang et al. (2009) focused on NGO accountability and aid delivery, highlighting the importance of transparent financial systems in maintaining donor confidence and improving development outcomes. The authors argued that accountability mechanisms enhance stakeholder trust and contribute to more effective utilization of donor funds.

1.4: RESEARCH GAP

The existing literature has extensively documented the relationship between financial management and organizational performance but provides limited empirical evidence on how financial planning and monitoring specifically affect service delivery within donor-funded humanitarian organizations. The literature does not adequately explain how financial planning supports rapid humanitarian response, risk management, local partners empowerment, donor-funding compliance, operational transparency, and internal control effectiveness within the context of CAFOD Sierra Leone. Therefore, this study seeks to fill the empirical gap in evaluating how financial planning and monitoring influence management practices and service delivery of CAFOD in Sierra Leone.

1.5 RESEARCH METHODOLOGY

The study adopted a descriptive research design and a mixed-method approach that integrated qualitative and quantitative data) to evaluate the impact of financial planning and monitoring on the management practices of CAFOD Sierra Leone. The research design was considered appropriate to obtain an in-depth understanding of the existing financial management practices. The target population for the study comprised 10,258 individuals who acknowledged and benefited from CAFOD’s development and humanitarian interventions in Sierra Leone. From the population size, a sample size of 170 respondents was selected using Slovene’s formula, which provided a scientific basis for determining an adequate sample size when the population size is known. This was expressed as:

$\mathbf{n = N / 1 + N(e)^2}$;

Where: **n** = Sample size, **N** = Total population, e = margin of error.

The study adopted a random sampling selection technique that ensure the respondents had an equal opportunity of being selected with a five-points Likert Scale (Likert, 1932). The sampling selection technique enhanced the representativeness and relevance of the data collected. Taherdoost (2017) observed that it is essential to select a representative sampling selection as well as the required sample size. The results were obtained through the questionnaire administration which enabled the collection of quantitative data relating to financial planning and monitoring of CAFOD in Sierra Leone. The structured interview guide provided qualitative insights into the respondents’ experiences, perceptions, and opinions regarding CAFOD’s financial management practices in Sierra Leone. The quantitative data were analysed using descriptive statistical techniques, including frequencies, percentages, tables, and chi-square tests with excel, SPSS version 29 and Kobo Collect. The chi-square test was employed to determine if the significant differences existed among the response categories regarding financial planning and monitoring, while qualitative data obtained from the structured interview guide was organised into thematic analysis. Ethical considerations were strictly observed throughout the study where participants were informed about the purpose of the research and their voluntary participation was sought through informed consent.

1.6 RESULTS

1.6.1 Financial Planning Processes at CAFOD Sierra Leone

This section covered findings on financial planning how it affects service delivery of CAFOD in Sierra Leone.

Table 2: Financial Planning Affecting Service Delivery of CAFOD in Sierra Leone

S/n	Variable	Frequency	Percentage
i.	Empowering Local Partners	37	22
ii	Rapid Humanitarian Response	40	24
iii	Managing Funding Shortfalls	48	28
iv.	Risk Managements	45	26
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 2 show how financial planning affects service delivery of CAFOD in Sierra Leone. The study revealed that 22% of the Respondents stated ‘empowering local partners’ as one of the means by which financial planning affects service delivery of CAFOD; 24% of the respondents stated ‘rapid humanitarian response. As one of the means by which financial planning affects service delivery of CAFOD, 28% of the respondents stated managing funding shortfalls as one of the means by which financial planning affects service delivery of CAFOD, and 26% of the respondents stated ‘risk management’ as one of the means by which financial planning affects service delivery at CAFOD, Robinson et al., (2026). From the findings, it will be deduced that the key impact of financial planning on service delivery of CAFOD lies in managing funding shortfalls. This implies that CAFOD manages donor funds, ensuring they are appropriately utilised. This is done by allocating funds to their proper causes of action and responsibilities, and by avoiding virement and avoiding financial shortfalls.

Table 3: Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone

S/n	Variable	Frequency	Percentage
i.	Agreed	53	31
ii	Strongly agreed	57	34
iii	Neutral	40	24
iv.	Disagreed	15	8
v.	Strongly disagreed	5	3
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 3 shows findings on how 'Financial Planning Facilitates Service Delivery of CAFOD. The results revealed that 31% of the Respondents 'agreed' that Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone; 34% of the Respondents 'strongly agreed' that Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone; 24% of the Respondents neither agreed nor disagreed 'neutral' that Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone; 8% of the Respondents 'disagreed' that Financial Planning do not Facilitates Service Delivery of CAFOD Sierra Leone; and 3% of the Respondents 'strongly disagreed' that Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone. From the findings, 65% of the Respondents 'agreed that Financial Planning Facilitates Service Delivery of CAFOD Sierra Leone. (Annual reviews and finances, 2023) This implies that more than half of the Respondents suggested that Financial Planning Facilitates Service Delivery of CAFOD, and only 11% disagreed that Financial Planning does not facilitate Service Delivery of CAFOD, and only 24% of the Respondents neither agree nor disagree with the statement that Financial Planning Facilitates Service Delivery of CAFOD.

Table 4: Rating the Importance of Financial Planning of CAFOD for Effective Service Delivery

S/n	Variable	Frequency	Percentage
i.	Agreed	56	33
ii	Strongly agreed	51	30
iii	Neutral	43	25
iv.	Disagreed	13	7
v.	**Strongly disagreed**	7	5
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 4 shows the results on whether financial planning is pivotal to CAFOD's effective service delivery. The results revealed that 33% of the Respondents 'agreed' that financial planning is pivotal of CAFOD for effective service delivery; 30% of the Respondents 'strongly agreed' that financial planning is pivotal of CAFOD for effective service delivery; 25% of the Respondents neither agreed nor disagreed 'neutral' that financial planning is pivotal of CAFOD for effective service delivery; 7% of the Respondents 'disagreed' that financial planning is not pivotal of CAFOD for effective service delivery; and 5% of the Respondents 'strongly disagreed' that financial planning is pivotal of CAFOD for effective service delivery. The results revealed that 63% of the Respondents agreed that financial planning is pivotal of CAFOD for effective service delivery. (Financial Management for NGOs, 2024) Service delivery is expected to be effective for beneficiaries who need aid, and 63% agreed that financial planning is pivotal of CAFOD for effective service delivery, suggesting it is equally important for donor-driven projects and programs.

Table 5: Financial, Monitoring and Control of CAFOD's Operations in Sierra Leone

S/n	Variable	Frequency	Percentage
i.	Donor Compliance and Financial Reporting	46	27
ii	Partner Capacity Building	48	28
iii	Operational Transparency	67	40
iv.	Stewardship	9	5
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 5 shows the role of financial monitoring and control in CAFOD's operations in Sierra Leone. From the responses from the respondents indicates that 27% of the Respondents stated 'donor compliance and financial reporting' as one of the roles of financial monitoring and control in CAFOD's operations; 28% of the Respondents stated 'partner capacity building' as one of the roles of financial monitoring and control in CAFOD's operations; 40% of the respondents stated 'operational transparency' as one of the roles of financial monitoring and control in CAFOD's operations; and 40% of the respondents stated 'stewardship' as one of the roles of financial monitoring and control in CAFOD's operations in Sierra Leone. From the findings, 'operational transparency' has been seen as the major role of financial monitoring and control in CAFOD's operations in Sierra Leone. Operational transparency enables donor compliance through financial reporting. With transparency, financial monitoring ensures that Donor partners, like CAFOD, put into action by implementing programs and projects; it also motivates them to build capacity for maximum implementation. Financial monitoring and control in CAFOD's operations in Sierra Leone is described as stewardship.

Table 6: CAFOD's Internal Control Mechanisms in Preventing the Misuse of Project Funds

S/n	Variable	Frequency	Percentage
i.	Ineffective	18	11
ii	Needs Improvement	50	29
iii	Effective	53	32
iv.	Highly Effective	49	28
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 6 shows the effectiveness of CAFOD's internal control mechanisms in preventing the misuse of project funds. The results revealed that 11% of the Respondents stated that internal control mechanisms in preventing the misuse of project funds is 'ineffective'; 29% of the Respondents stated that internal control mechanisms in preventing the misuse of project funds 'needs improvement'; 32% of the Respondents stated that internal control mechanisms in preventing the misuse of project funds is 'effective'; and 28% of the Respondents stated that internal control mechanisms in preventing the misuse of project funds is 'highly effective'. From the above, it can be deduced that 60% of the respondents stated that CAFOD's internal control mechanisms in preventing the misuse of project funds are effective. Despite 40% of the other responses suggesting that CAFOD's internal control mechanisms for preventing the misuse of project funds are ineffective or need improvement, CAFOD needs further improvement to ensure effective internal controls.

Table 7: Financial Monitoring and Control Improving CAFOD's Operations in Sierra Leone

S/n	Variable	Frequency	Percentage
i.	Agreed	74	44
ii	Strongly Agreed	42	25
iii	Neutral	37	21
iv.	Disagreed	5	3
v.	Strongly Disagreed	12	7
Total	**Total**	**170**	**100**

Source: Field Data, 2025

Table 7 examined whether financial monitoring and control can improve CAFOD's operations in Sierra Leone. The results revealed that 44% of the respondents 'agreed' that the role of financial monitoring and control can improve CAFOD's operations in Sierra Leone; 25% of the respondents 'strongly agreed' that the role of financial monitoring and control can improve CAFOD's operations in Sierra Leone; 21% of the respondents neither agreed nor disagreed 'neutral' that the role of financial monitoring and control can improve CAFOD's operations in Sierra Leone; 3% of the Respondents 'disagreed' that the role of financial monitoring and control cannot improve CAFOD's operations in Sierra Leone; 7% of the respondents 'strongly disagreed' that the role of financial monitoring and control can improve CAFOD's operations in Sierra Leone. (Internal Audit of WFP Operations in Sierra Leone - March 2023, 2023).

1.6.2: Chi-Square Tests and Interpretation

A Chi-Square test was conducted to determine whether the observed responses differed significantly from an equal distribution of responses across categories. The significance level used was **$\alpha = 0.05$**. The frequencies were extracted from the study findings.

Table 8: Chi-Square Tests Results

Variable	χ^2 Value	df	p-value
Financial Planning Affecting Service Delivery	**1.72**	**3**	**0.633**
Financial Planning Facilitates Service Delivery	**62.59**	**4**	**0.000**
Financial Planning for Effective Service Delivery	**59.53**	**4**	**0.000**
Financial Monitoring and Control in CAFOD's Operations	**41.53**	**3**	**0.000**
Financial Planning and Monitoring on Internal Control Mechanisms of CAFOD	**19.04**	**3**	**0.000**
Financial Control and Monitoring Improving Operations	**88.18**	**4**	**0.000**

1.6.3: Hypothesis Testing

H_0: There is no significant difference in the distribution of responses among the categories.

H_1: There is a significant difference in the distribution of responses among the categories.

1.7: Interpretation of Chi-Square Tests

1.7.1: Financial Planning Affecting Service Delivery

The chi-square tests yielded **$\chi^2(3) = 1.72$, $p = 0.633$**. Since the p-value is greater than 0.05, the null hypothesis is accepted.

This indicates that respondents did not significantly favour one effect of financial planning over another. The responses regarding empowering local partners, rapid humanitarian response, managing funding shortfalls, and enabling risk management were relatively evenly distributed.

1.7.2: Financial Planning Facilitating Service Delivery

The chi-square test yielded **$\chi^2(4) = 62.59$, $p < 0.001$.** Since the p-value is less than 0.05, the null hypothesis is rejected. This indicates a significant difference in respondents' opinions. Most respondents agreed or strongly agreed that financial planning facilitates service delivery at CAFOD Sierra Leone.

1.7.3: Financial Planning for Effective Service Delivery

The test produced **χ^2 (4) = 59.53, $p < 0.001$. The** result is statistically significant, indicating that respondents overwhelmingly perceived financial planning as pivotal to effective service delivery. The majority either agreed or strongly agreed with the statement.

1.7.4: Financial Monitoring and Controlling in CAFOD's Operations

The chi-square value was **χ^2 (3) = 41.53, $p < 0.001$**. This significant result suggests that respondents did not view all roles of financial monitoring equally. Operational transparency emerged as the most dominant role of financial monitoring and control in CAFOD's operations.

1.7.5: Internal Control Mechanisms Preventing Misuse of Project Funds

The test yielded **χ^2 (3) = 19.04, $p < 0.001$.** The result indicates a significant variation in respondents' perceptions of the effectiveness of CAFOD's internal controls. Most respondents rated the controls as effective or highly effective, although a substantial proportion believed improvements were still needed.

1.7.6: Financial Monitoring and Control Improving CAFOD's Operations

The chi-square test produced **χ^2 (4) = 88.18, $p < 0.001$**. The result is highly significant, indicating strong respondent agreement that financial monitoring and control improve CAFOD's operations in Sierra Leone. The majority selected either "Agree" or "Strongly Agree."

1.8: CONCLUSION

The study concludes that financial planning and monitoring are important factors affecting the efficacy of CAFOD Sierra Leone's service delivery. The majority of respondents (63%) agreed that financial planning is necessary for optimal service delivery, underscoring its importance in ensuring donor funds are effectively distributed and used in line with the project goals. Hence, the results confirm that CAFOD Sierra Leone must have strong financial planning and monitoring mechanisms for the effective management practices.

1.9: RECOMMENDATIONS

i) The study recommends that incorporating quick humanitarian response mechanisms into financial plans to increase agility, strengthen capacity-building for local partners to maximise the use of financial resources, and periodically review and update financial plans to reflect changing donor requirements and operational demands.

ii) The study recommends that fostering a culture of transparency and stewardship in all financial activities, regularly enhancing internal controls through monitoring and audit insights, and leveraging financial monitoring feedback to support and motivate partners toward better project implementation.

1.10: FUTURE RESEARCH

The study on the impact of Financial Management practices on Service Delivery of Non-Governmental Organisations, with a focus on the Catholic Agency for Overseas Development (CAFOD), has been completed. However, some areas required further study, future research should focus on all the NGOs operating in Sierra Leone.

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