



NONPROFIT OPERATIONAL MANUAL

Nonprofit Operational Manual
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This document was prepared by the Nigeria Network of NGOs as a service and a reference tool to its members and the wider civil society community and is not intended to provide any legal advice. Nonprofits should consult their own lawyers for advice on any legal issue or other relevant professionals on a specific problem or matter that may arise in the nonprofit governance process.

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Introduction

1.1 Why this manual?

The Nonprofit Operational Manual is designed to assist Nigerian nonprofits to strengthen their operational and technical capacity in delivering their vision and mission. The manual aims to help nonprofits adopt best organisation practices, clarify requirements, regulations and compliance issues relating to managing a nonprofit. It is designed as both a capacity building tool and reference material for successfully running a nonprofit organisation and as a guide for understanding and complying with regulatory frameworks guiding the operation of nonprofits in Nigeria. Through this manual as well as training, skills-building activities and information exchanges, NNNGO hopes to enhance the performance and capacity of organisations to deliver effective services to their beneficiaries and critical stakeholders.

1.2 Who is this manual for?

The manual is designed for leaders, staff and individuals presently working in or interested in working in the nonprofit sector and who play a role in managing or implementing activities relating to delivering on their organisations vision and mission by outlining some basic standards of best practices. Small and medium sized organisations will find the manual useful to their operations. Large nonprofits may also find some part of the manual useful to reaching higher standards. Regardless of the size of their operations, number of staff or thematic focus, the manual is developed to be assessable to all who work in the nonprofit sector to understand rules, regulations and processes organisations need to address day-to-day operation requirements of starting, managing and sustaining a not-for-profit organisation.

1.3 How to use this manual

The manual can be used as a step-by-step guide to

developing and managing an effective organisation that makes the best use of its human and financial resources in the design, delivery and development of programmes and services that meet the needs of beneficiaries and inspires trust from stakeholders. The manual can be read like a book or be consulted as a desktop reference as each chapter contains guides on how to, samples, best practices and prompts. It can be used in clarifying key aspects of nonprofit operations, regulatory requirement and organisational development.

1.4 What is a nonprofit?

For us at the Nigeria Network of NGOs, we define a nonprofit as an organisation that operates for the good of the public, does not operate for the profit, personal gain or the benefits of people who run it.

A nonprofit can make profit but any profit made must be used for the purpose to which the organisation is founded and must pay applicable taxes on any business or trade conducted outside of its purpose.

There are five distinctive features that make up a nonprofit:

1. It must be an organisation (institutionalised to some extent, although not necessarily legally registered or constituted)
2. It must be self-governing (fully responsible for the economic risks and rewards of the organisations operations)
3. It must be non-compulsory in nature (involving meaningful degree of free choice on the part of individuals working for it or participating in its activities)
4. It must be significantly limited in its distribution of surplus (profit), meaning prohibited by law, governing document or set social custom from distributing any of any surplus it generates to its directors, employees, stakeholders
5. It must be private (not controlled by government).

Your Nonprofit

2.1 Overview

This chapter covers key steps in understanding the regulatory requirements for nonprofits in Nigeria and how to implement them. It is only when nonprofits comply with laws guiding their formation and operation that they can be said to be accountable and transparent. Specific guidance is given on how to register a nonprofit, governance, tax obligations and prevention of money laundering and terrorism financing in the operation of nonprofits.

2.2 Getting started

We are excited that you are interested in starting a nonprofit. It is good to have an idea for changing society and do so by means of starting a nonprofit. We know that running a successful nonprofit comes with a lot of hard work and it is not an easy task. We do know that it is easy to start a nonprofit if you have a sound plan, excellent team and sufficient start-up funds.

If you are thinking of starting a nonprofit or already have one, here are some questions we think you should ask yourself:

1. Do I/we really need to set up a nonprofit?
 - a. What will our nonprofit do?
 - b. Who will we be helping as a nonprofit?
2. Are there alternatives we can explore to offer our help without starting a nonprofit?
3. Do we have people who can lead and work for the organisation as board, staff, volunteers?
4. Do we have all the information and understand all the regulatory obligations of a nonprofit?
5. Can we reasonably comply with the regulatory requirements on formation and operation of nonprofits?
6. How would we manage conflict of interests?
7. What activities will you carry out?
8. How long should we be in existence?
9. What is the cost of running a nonprofit?
10. Where will the money come from?
11. What will happen if your idea or nonprofit isn't successful?

Your genuine answers to these questions will help guide your path to deciding whether you need to start a nonprofit or to consider alternatives on what value you can bring to the public, how you will obtain funding for your work, attract staff/volunteers, build your board and comply with laws that regulate nonprofit operations in the country.

Now that you have made up your mind, let us quickly tell you the basic steps to starting a nonprofit in Nigeria:

Determine the name of the organisation

A nonprofit is typically formed as an incorporated trustee. Having a name that reflects the vision and mission of the organisation is an invaluable asset. In Nigeria, an organisation registered under the Part C (soon to become Part F if and when the President assents to the new Companies and Allied Matters Act) of the Companies and Allied Matters Act (CAMA) can adopt a name if the name is not the same as or too similar to an existing name on the records of the Corporate Affairs Commission (CAC), or if the name is not misleading to the public. You can do name search on the existing CAC database at <http://services.cac.gov.ng> and also reserve a name for 60 days. Care must be taken to ensure that the name does not infringe on another person's trademark rights and while we know this is not always easy, experience from our work has shown that a simple Google search can be helpful.

Draft and file the articles of incorporation

An organisation is legally formed with the filling of an article of incorporation (constitution). See <https://>

bit.ly/32k2yNu for standard clauses in a constitution.

Appoint the board of trustees or directors

Under Nigerian law, member of a nonprofit board are the incorporators of the organisation and are legally recognized as the “owners in trust” and may be composed of as few as 2 or 3 but we recommend a minimum of 7. These trustees should understand their duties and responsibilities to act with reasonable care and in the best interests of the organisation while providing direction and oversight over the organisation’s activities, finances, officers, and legal compliance. See <https://bit.ly/2MMjhoN> for sample board roles and responsibilities.

Take initial board actions at a physical meeting, via teleconference or written consent.

In order to start the process of forming the organisation and incorporating it, the following initial board actions are necessary to be taken at a physical meeting or alternatively via teleconference or written consent:

- Adopt the organisations constitution, by-laws and conflict of interest policy;
- Elect officers;
- Adopt a fiscal year (such as a year ending December 31 or June 30);
- Approve establishing a bank account;
- Approve applying for registration with regulatory agencies;
- Approve reimbursement of startup expenses (if applicable); and
- Approve the compensation of the executive director (CEO) or the treasurer (CFO) (if applicable).

File the initial registration with the Corporate Affairs Commission

Obtain Tax Identification Number (TIN)

Obtain Special Control on Money Laundering (SCUML) Certificate

Apply for the Federal Inland Revenue Service Tax Exemption Certificate.

Open a bank account

2.3 Regulatory requirements for forming and operating a nonprofit

Chapter 1- Incorporated Trustees

Clause 824: Incorporation of Trustees of Certain Communities, Bodies and Associations.

1. Where two or more trustees are appointed by any community of persons bound together by custom, religion, kinship or nationality or by anybody or association of persons established for any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, they may, if so authorized by the community, body or association (in this Act referred to as “the association”) apply to the Commission in the manner hereafter provided for registration under this Bill as a corporate body.
2. Upon being so registered by the Commission, the trustees shall become a corporate body in accordance with the provisions of section 831 of this Part of this Bill.

NNNGO’S RATIONALE

Nonprofits are set up to fulfil charitable purposes and objectives. In setting up, trustees have the legal role to lead the organisation in fulfilling this purpose within legal bounds. Clause 824 therefore gives the legal oversight for nonprofits to its board. The Board (Incorporated trustees) of a nonprofit are a group of individuals who together are ultimately responsible for overseeing the operations of the organisation and making sure it is working towards its objectives (charitable purpose). Trustees therefore are the “owner” of the nonprofit in trust for the general public/beneficiaries/stakeholders. Hence under the law they are the ones that ultimately bear the legal responsibility for the organisation.

KEY OUTCOMES FOR NONPROFIT

Board members or trustees have a deep understanding and commitment to the organisations objectives and are willing to bear legal responsibility.

- 1.2.0 Clearly articulate the objects (charitable purpose) of the organisation through your organisation's constitution. See <https://bit.ly/32k2yNu> for standard clauses in a constitution.
- 1.2.1 Set out clearly the role of your board in the organisation's constitution.
- 1.2.2 Ensure prospective Board (Trustees) have read the constitution and accepts responsibility (through a signed document) for leading the governance of the organisation and ensuring its effectiveness.
- 1.2.3 Before applying formally to the Corporate Affairs Commission (CAC); ensure the board meets either physically or online to discuss the constitution and agree to its adoption. Minutes of this meeting has to be documented.
- 1.2.4 The following minimum requirements will be helpful when setting up your trustees(board):
- There is no specific number of trustees stated by law, we recommend at least 7.
 - Your nonprofit board must have officers including a board chair/president and secretary and be different persons.
 - Ensure members of your board have the necessary skills to lead the organisation. Avoid the mistake of selecting your board members for the sake of their status in the society; your board members must be well informed and attend board meetings regularly.
- 1.2.5 If the organisation will have an executive director, the board must make sure that:
- The office of the executive director is separate from that of the founder and that there are proper arrangements for their appointment, supervision, support, appraisal and remuneration.
 - The role of the founder should be clearly articulated in the organisation's constitution or other governance documents. The founder may sit on the board or serve as the interim executive director; whatever is decided, his/her role should be well defined and agreed

through a documented board resolution.

Clause 825: Classification of Associations.

The Commission shall determine the classification of associations to be registered under this Part in accordance with the aims and objects of the associations.

NNNGO'S RATIONALE

To be registered as a nonprofit, your organisation must have an aim and objective defining what it has been set up to achieve. It can also be referred to as your organisation's mission or purpose. When you apply to register your organisation with CAC you need to demonstrate through your aims and objectives that you are a nonprofit organisation. Generally, CAC will decide what your aims/objectives are by looking at your constitution as this usually sets out your objectives (purpose). Other types of evidence used to determine your objectives(purpose) are your organisation's activities, annual reports, financial statements and other corporate documents such as policies. The law empowers CAC to register your organisation under a classification(subtype) of association, which reflects your purpose or purposes (for example either as NGO, association, trade union, church, mosque, social enterprise) etc.

KEY OUTCOMES FOR NONPROFIT

- 2.1.0 Nonprofit's objects are clearly articulated.
- 2.1.1 Ensure your organisation's objects are clearly thought through and spelt out in your constitution.
- 2.1.2 Work with your board and other critical stakeholder (s) to develop an aim/object (purpose) that is specific, measurable, achievable, realistic and time bound.

Clause 826: Method of Application

1. Application under section 824 of this Bill shall be in the form prescribed by the Commission and shall state-
 - a. the name of the proposed corporate body which must contain the words "Incorporated

Trustees of”;

- b. the aims and objects of the association which must be for the advancement of any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, and must be lawful;
 - c. the names, addresses and occupations of the secretary of the association, if any.
2. There shall be attached to the application-
 - a. two printed copies of the constitution of the association; Trustees of”;
 - b. duly signed copies of the minutes of the meeting appointing the trustees and authorizing the application, showing the people present and the votes scored;
 - c. the impression or drawing of the proposed common seal, if there is one.
 3. The application shall be signed by the person making it.
 4. The Commission may require such declaration or other evidence in verification of the statements and particulars in the application, and such other, information, and evidence, if any, as it may think fit.
 5. If any person knowingly makes any false statement or gives any false information for the purpose of incorporating trustees under this Part of this Bill, he shall be guilty of an offence and liable on conviction to imprisonment for one year or to a fine as the court deems fit.

How to achieve this

3.2.1. Online application steps to incorporating a trustee

1. Connect to CAC’s registration portal at services. www.cac.gov.ng or new.cac.gov.ng to register.
2. Click on create account on the home page of the portal
3. Complete the forms displayed

Note: Accredited users should select “ARE YOU AN ACCREDITED CUSTOMER?” and enter their accreditation number in this format for individual NBA/IND/12345 or ICAN/IND/12345 or ICSAN/IND/12345, and for firm NBA/FM/12345, OR ICAN/FM/12345, or ICSAN/F/12345.

- Accredited users must ensure that they enter the email address that was used during their accreditation. Enter the catcher as displayed in the box
- Click on submit: for general users the system will display the pre-entered “USERNAME” and the auto generated “PASSWORD” immediately while accredited users will be mailed their “USERNAME” and “PASSWORD” after approval at the back office.
- Reserve name
- Log in with your profile Select “REGISTRATION”
- Select the classification i.e. “BUSINESS NAME, or COMPANY or INCORPORATED TRUSTEE” Enter the availability serial code
- Click on continue
- Enter the details of the “TRUSTEES”
- Click on “ADD AN OBJECT” or “ADD OBJECTS” and type in the nature of objects for which the incorporated trustee is registered, and then click on “ADD” to continue to add the object until all the objects have been added.
- Select the “DROP OFF and PICK UP STATE”. Click on continue until payment is made
- Select “GET STAMP” to stamp the document electronically Make payment for electronic stamping.
- The system will automatically affix the electronic stamp duties on the documents (Form CAC1.1, and Memorandum and Article of Association).
- The already printed documents must be signed by the directors.
- Visit www.cac.gov.ng at the middle of the page extreme right, select “DOCUMENT UPLOAD”. Enter the incorporated trustee “AVAILABILITY CODE”.
- Select the “ORIGINATING OFFICE” (This is where you will pick up the certificate). Select “I AM NOT A ROBOT” then follow the instruction
- Click on “BEGIN”.
- Select the type of document to be attached one after the other and attach each one after properly identifying same.

- After attaching all the documents, click on submit.
- The commission would rely on the uploaded documents to treat your application. The certificate will be generated by the commission and all relevant documents will be certified.
- To know the status of application; check the column that reads “STATUS” on your profile, this will show “NOT SUBMITTED”, or SUBMITTED, or PENDING APPROVAL, or APPROVED depending on the stage the application is.
- When the status reads “APPROVED” and registration number is displayed, then you can approach the office where you had selected as the DROP OFF/PICK UP OFFICE or “ORIGINATING OFFICE” with the original copy of the documents earlier uploaded, the original should be submitted in exchange for the certificate/certify true copy (CTC).
- Automatic Tax Identification Number (TIN): Immediately a certificate of incorporation is generated in the registration portal, a TIN will be issued and sent to the customer’s email address from the FIRS (Federal Inland Revenue Service)/ JTB (Joint Tax Force) through the Integrated Stamp Duty System (ISDS) portal.

Please visit <http://new.cac.gov.ng/home/online-registrations/> to register.

- 3.2.2 Note that the use of common seal is voluntary and no longer mandatory
- 3.2.3 Ensure all statements made in the application are truthful and honest.

Clause 827: Qualification of Trustees

1. A person shall not be qualified to be appointed or act as a trustee if:
 - a. he is an infant; or
 - b. he is a person of unsound mind having been so found by a court;
 - c. he is an undischarged bankrupt; or
 - d. he has been convicted of an offence involving fraud or dishonesty within five years of his proposed appointment.
2. If a person disqualified under paragraph (c) or (d) of subsection (1) of this section acts as a trustee, he shall be liable to a penalty for every

day during which he so acts. The penalty shall be determined in accordance with regulations made by the commission from time to time.

the documents such as policies. The law empowers CAC to register your organisation under a classification(subtype) of association, which reflects your purpose or purposes (for example either as NGO, association, tr

NNNGO’S RATIONALE

Since trustees are charged with the mandate of leading a nonprofit and serving as owners in trust, they are vital to the governance, health and sustainability of nonprofits, hence they play an important role by voluntarily donating their time and talents to the growth of the nonprofit sector, shaping a brighter future for communities their organisations serve.

Given this unique role, careful attention has to be paid to the selection of nonprofit trustees via leadership and integrity. Even though board members are volunteers, they have legal duties that they must meet to ensure the charity is well governed.

KEY OUTCOMES FOR NONPROFIT

- 4.1 Nonprofit has a functioning board that safeguards and acts in the best interests of the charity and its beneficiaries.
- 4.2 Nonprofit board ensures that the organisation is compliant with laws, voluntary rules and codes guiding the operation of nonprofits.

How to achieve this

- 4.3.1 Ensure that individuals you are inviting to your board have integrity, sound judgement and demonstrated interest in your objective (purpose). Do a thorough background check and findings.
- 4.3.2 Ensure that individuals proposed as members of the board can make firm time commitment to attend all board meetings and other board functions.
- 4.3.3 Set clear expectations on what the board will do for the organisation. Using your

constitution and insights to develop a job description that describes exactly the role your board members will play including number of meetings, length of term, meeting attendance, level of involvement and fundraising activities. Please visit <https://bit.ly/2MMjhoN> for a sample.

4.3.4 Develop a formal process for recruiting your board. Please visit <https://bit.ly/2GVu9ga> for a sample.

Clause 828: Constitution

The constitution of the association shall in addition to any other matter:

- a. state the name or title of the association;
- b. the aims and objects of the association; and
- c. make provisions, in respect of the following-
 - i. appointment, powers, duties, tenure of office and replacement of the trustees;
 - ii. the use and custody of the common seal;
 - iii. the meetings of the association;
 - iv. the number of members of the governing body, if any, the procedure for their appointment and removal, and their powers; and where subscriptions and other contributions are to be collected, the procedure for disbursement of the funds of the association, the keeping of accounts and the auditing of such accounts.

KEY OUTCOMES FOR NONPROFIT

Constitutions help set the rules guiding the operation of nonprofits. They are important because they give some certainty about how the organisation is run and establish the procedures that everyone involved can rely on. The rules and processes provided in the constitution binds the board, the organisation and its members. Your organisation's constitution is what CAC would use in most cases to determine your object and to decide whether you are a nonprofit.

NNNGO'S RATIONALE

5.1 The organisation has in place a constitution that governs its operations and that safeguards its

objects.

How to achieve this

- Ensure that your constitution generally sets out the following:
- Clauses that prevent the organisation from providing any private benefit to its members.
- The powers of the board
- How to become a member, rights and obligations of members.
- How members of the board and any office bearer such as president or treasurer are elected or appointed.
- How members of the board and any office bearer such as president or treasurer are elected or appointed. How meetings of members and meetings of the Board are called and held
- How authority is delegated to the board, staff or volunteers and What will happen if it needs to be wound up.
- Do not do copy and paste for your constitution.
- Ensure your constitution and governance documents accurately reflect how your organisation operates or will operate. You must be able to follow your own rules as set out in your constitution or governance documents.

See <https://bit.ly/32k2yNu> for standard clauses in a constitution

Clause 829: Advertisement and Objections.

1. If the Commission is satisfied that the application has complied with the provisions of sections 826, 827 and 828 of this Bill, it shall cause the application to be published in a prescribed form in two daily newspapers circulating in the area where the corporation is to be situated and at least one of the newspaper shall be a national newspaper.
2. The advertisement shall invite objections, if any, to the registration of the body.
3. The objection shall state the grounds on which it is made and shall be forwarded to reach the Commission within 28 days of the date of the last of the publications in the newspapers.
4. If any objections are made, the Commission shall

consider them and may require the objections and applicants to furnish further information or explanation, and may uphold or reject the objections as it considers fit and inform the applicant accordingly.

NNNGO'S RATIONALE

Nonprofits generally are set up for public benefit. While being formed, it is important for the public to be alerted to its formation and to encourage the public to object where they find the activities or anyone on the board of the organisation not suitable. It also helps to ascertain if the activities of the organisation being formed or persons on the board are unlawful or working against public policy. This process also helps the organisation to do further background check on its trustees.

KEY OUTCOMES FOR NONPROFIT

6.2. Organisation's registration and proposed activities becoming public knowledge.

How to achieve this

If steps in this guide are followed, there should not be any objection, however nonprofits should ensure they have mechanisms in place for responding quickly to any objection raised.

Clause 830: Registration and Certificate.

1. If, after the advertisement, no objection is received within the period specified in section 829 of this Bill or, where any objection is received, and the same is rejected, the Commission, having regard to all the circumstances, may assent to the application or withhold its assent.
2. If the Commission assents to the application, it shall register the trustees and issue a certificate in the prescribed form.

NNNGO'S RATIONALE

Registration certificate issued by CAC confers legal identity for a nonprofit and a result of successful application. With this certificate, the organisation

is recognized as a legal entity that can now operate based on its objects (purpose) as stated in its constitution; from time to time the certificate serve as a proof of registration with the federal government.

KEY OUTCOMES FOR NONPROFIT

7.1 Organisation becomes registered with regulatory authorities.

How to achieve this

- 7.2.1 Ensure your organisations registration number is used on all branding materials like letterhead and business cards, website and emails in correspondence with CAC.
- 7.2.2 Ensure the names of your trustees are properly listed on the certificate and that there are no wrong spelling errors.
- 7.2.3 You can also use the following statement on your public documents (letterhead, emails and website) (nonprofit name) (Registration no) is registered with the Corporate Affairs Commission.
- 7.2.4 Keep your certificate of registration secured and hold both electronic and hard copies in secured files.
- 7.2.5 Ensure to maintain your organisations eligibility to be registered by remaining a nonprofit pursuing charitable purposes and complying with the Part F of CAMA.

Clause 831: Effect of Registration and Certificate.

1. From the date of registration, the trustees shall become a body corporate by the name described in the certificate, and shall have:
 - a. perpetual succession;
 - b. a common seal if they so wish;
 - c. power to sue and be sued in its corporate name as such trustees; and
 - d. Subject to section 837 of this Part of this Bill to hold and acquire, and transfer, assign or otherwise dispose of any property, or interests therein belonging to, or held for the benefit of such association, in such manner and subject to such restrictions and

provisions as the trustees might without incorporation, hold or acquire, transfer, assign or otherwise dispose of the same for the purposes of such community, body or association of persons.

2. The certificate of incorporation shall vest in the body corporate all property and interests of whatever nature or tenure belonging to or held by any person in trust for such community, body or association of persons.
3. A certificate of incorporation when granted shall be prima facie evidence that all the preliminary requisitions herein contained and required in respect of such incorporation have been complied with, and the date of incorporation mentioned in such certificate shall be deemed to be the date on which incorporation has taken place.

NNNGO'S RATIONALE

The registration certificate issued by CAC will carry the date on which the incorporation took place i.e. the date on which it meets the requirement to be registered as a nonprofit. The use of common seal is no longer mandatory however you may want to have a common seal for the purpose of branding.

KEY OUTCOMES FOR NONPROFIT

- 8.1 Nonprofit trustees conferred legal entity with powers to sue or be sued

How to achieve this

- 8.2.1 Ensure that minimum governance standards for running nonprofits are adhered to.
- 8.2.2 Ensure your organisation's records (operations and finance) are kept up to date and accurate.
- 8.2.3 Ensure you submit an annual returns-information about your organisation's activities and audited financial statements every year to CAC.

- 8.2.4 Notify CAC of any changes to your details, contacts, board, amendment to constitution

Clause 832: Related Associations.

Without prejudice to the provisions of section 850 of this Bill, the Commission may direct that for all or any of the purposes of this Bill-

- a. an association be treated as forming part of an already registered association; and
- b. any two or more association having the same trustees be treated as a single association.

NNNGO'S RATIONALE

Nonprofit organisations need to guard against duplication of efforts and competition for same resources and funding. Setting up multiple organisations for the same purpose or having same board of trustees for different organisations reduces efficiency and effectiveness. This however does not preclude organisations that fall under a larger parent body/association with multiple separately registered entities.

The board of a nonprofit should always consider the best way to fulfill its objectives (purpose) without establishing or registering multiple entities. It may be more effective to merge or wind other nonprofits down and transfer the funds and assets to one for effectiveness.

KEY OUTCOMES FOR NONPROFIT

- 9.1 Reduce duplication of effort and competition for resources.

How to achieve this

- 9.2.1 Before starting and reporting a new nonprofit, ensure you check the CAC portal to see which nonprofits are already operating for similar purpose.
- 9.2.2 Ensure your board weighs the option of registering multiple entities.

CHAPTER 2 - CHANGES IN REGISTERED PARTICULARS OF INCORPORATED TRUSTEES

Clause 833: Changes of Names or Objects.

1. Where the association is desirous of changing or altering its name or objects or any of them, the trustees shall apply to the Commission in the prescribed form setting out the alterations desired and attaching a copy of the resolution approving the change and duly certified by the trustees.
2. The Commission on receipt of the application shall consider it and, if satisfied that the change or alteration is prima facie lawful shall -
 - a. cause the application to be published in two daily newspapers in the manner specified in subsection (1) of section 829 of this Bill; and
 - b. direct the corporation to display for at least 28 days a notice of the proposed change or alteration conspicuously mounted at the corporation headquarters, or at any branch offices, or any such places where a majority of the members are likely to see it, as the Commission may require.
3. The publication and notices shall call for objections which, if any, shall state the grounds of objection and be forwarded to reach the Commission not later than 28 days after the last of the publications in the newspapers
4. The provisions of section 828 and of subsection (1) of section 826 of this Part of this Bill shall apply to this section as they apply to an application for registration.
5. If the Commission assents to the application, the alterations shall be made and in the case of a change of name,

Clause 834: Alteration of Provisions of the Constitution.

Subject to sections 828 and 829 of this Part of this Bill, an association whose trustees are incorporated under this Part of this Bill may alter its constitution by a resolution passed by a simple majority of its members and approved by the Commission.

Clause 835: Replacement and Appointment of Additional Trustees.

1. Where a body or association intends to replace some or all its trustees or to appoint additional trustees, it may by resolution at a general meeting do so and apply in the prescribed form for the approval of the Commission.
2. Upon such application the provision of subsections (2) to (4) of section 833 of this Bill shall apply to this section as they apply to the change of name or object.
3. If the Commission assents to the application, it shall signify its assent in writing to the corporation and the appointment shall become valid as from the date of the resolution appointing the trustees.

Clause 836: Changes in Contravention of Certain Provisions of this Part of this Bill.

Any change or alterations purported to be made in contravention of section 833, 834 or 835 of this Part of this Bill shall be void.

NNNGO's RATIONALE

Nonprofit have a duty to notify CAC of any changes to their details including trustees (board), constitution, name of the nonprofit or objects (purpose). Once the nonprofit has made a decision on the changes, it must notify CAC as soon as it reasonably can.

KEY OUTCOMES FOR NONPROFIT

How to achieve this

- 13.2.1 Notify CAC within a reasonable period of time as soon as any changes are made to your name, constitution or board. We recommend doing this within 28-60 days (for medium, small and large organisation) taking such decision.
- 13.2.2 Ensure minutes of meeting of the board where such decision is taken is attached including copies of constitution etc.
- 13.2.3 Ensure your organisation complies with CAC's requirements for changing your

governance documents. Constitutions can be changed through a resolution passed by a simple majority of the organisation's members and this has to be approved by the Commission before it becomes valid.

- 13.2.4 When the term of a board member expires and he/she is being replaced or a new member is added to the board. CAC must be notified through an application, the process would require an advert in 2 daily newspapers publicly displayed for 28 days based on clause 835 and clause 833(2) to (4).
- 13.2.5 Ensure all changes follow the prescribed process by CAC; failure to do so makes the alteration void.

CHAPTER 3 - COUNCIL, POWERS, INCOME AND PROPERTY

Clause 837: Council or Governing Body

The association may appoint a council, or governing body, which shall include the trustees and may, subject to the provisions of this Part of this Act, assign to it such administrative and management functions as it deems expedient.

NNNGO'S RATIONALE

Nonprofits are an integral part of the Nigerian society reaching every community across the federation and neighbouring countries. They enrich our culture, protect our environment, enable us practice our faith, promote our health and wellbeing, strengthen our democracy, contribute to better public policies and advocate on behalf of the vulnerable and communities. Nonprofits cannot do all these good works without their board members. Their members have ultimate responsibility for running the organisation, managing its finances, its operations and managing of staff and volunteers.

While clause 837 mentions the formation of council or governing body, the practice in the nonprofit sector is that governing body, council, governors or trustees all refer to the board or governing body of a nonprofit. Nonprofits are free to choose a term they feel appropriate. We define a board or governing

body as a group of individuals who together are ultimately responsible for overseeing the operations and working towards achieving the purpose (objects) of a nonprofit.

KEY OUTCOMES FOR NONPROFIT

14.1 Nonprofits are clear about the right nomenclature for their board

How to achieve this

14.2.1 Ensure the board is clear and consistent from the outset what name it will bear: council, trustees, board, governing board, committee, governors and board of directors or board of trustees.

14.2.2 Create a rule/policy on how to establish sub committees: It can be hard to organize full board members to meet on specific issues requiring expertise, ensure board committees are set up by the board for such functions they can either be called sub-committee, standing committees or ad-hoc. Note that committees make recommendations to the full board but they generally do not make decisions for the board.

Clause 838: Exercise of Powers of Trustee.

The powers vested in the trustees by or under this Bill shall be exercised subject to the directions of the association, or of the council or governing body appointed under section 835 of this Part of this Bill, as the case may be.

NNNGO'S RATIONALE

Board members help nonprofits stay focused on its objects (purpose) manage its finances effectively and comply with the legal, operational and ethical requirements of the organisation. However, these roles are subject to the rules/policies set by the board itself.

KEY OUTCOMES FOR NONPROFIT

15.1.2 Non-profits have well-articulated board/governance policy.

15.1.3 The board is clear about its primary role and reflects this in the exercise of its duties.

How to achieve this

15.2.5 Ensure the board develops a policy on its way of working including what matters are reserved for the board and which can be delegated.

15.1.6 Ensure the board understands and collectively exercises the powers of delegation to senior managers. These should be described in a document which gives enough detail and clear boundaries.

Clause 839: Application of Income and Property.

- 1 The income and property of a body or association whose trustees are incorporated under this Part of this Bill shall be applied solely towards the promotion of the objects of the body as set forth in its constitution and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus, or otherwise by way of profit to any of the members of the association.
- 2 Nothing in subsection (1) of this section shall prevent the payment, in good faith, of reasonable and proper remuneration to an officer or servant of the body in return for any service actually rendered to the body or association:

Provided that

- a with the exception of ex-official members of the governing council, no member of a council of management or governing body shall be appointed to any salaried office of the body, or any office of the body paid by fees; and
 - b no remuneration or other benefit in money or money's worth shall be given by the body to any member of such council or governing body, except repayment of out-of-pocket expenses or reasonable and proper rent for premises demised, or let to the body or reasonable fee for services rendered.
- 3 If any person knowingly acts or joins in acting in contravention of this section, he shall be liable to refund such income or property so misapplied to the association.

NNNGO'S RATIONALE

Organisations can continue to enjoy their nonprofit status only if they can keep to their charitable object which requires that they do not pay or transfer income, profit or properties of the organisation to any of its members. The board have the ultimate responsibility for the income and properties of nonprofits and assets including its reputation.

How to achieve this

- 16.2.5 Ensure trustees maintain their independence and inform the board if they feel beholden to any interest. Board must have a conflict of interest policy.
- 16.2.6 Ensure operational plans and budgets are in line with the organisation's objects (purpose) and agreed strategic goals.
- 16.2.7 Ensure the board regularly monitors performance using consistent framework, checks operational performance against delivery of the organisation's objects, strategic goals, budgets and risks.
- 16.2.8 Ensure board agrees to a reasonable remuneration for the organisation's staff taking into account prevailing economic indices. Board must enforce a no pay policy for members of the board and has a clear policy on board reimbursements on travels and meeting attendance costs.
- 16.2.9 Ensure the board agrees and overseas an effective process for appointing and reviewing independent external auditors. Board should have an audit committee with a chair that has recent and relevant financial expertise and should meet with auditors without the staff of the organisation at least once a year.
- 16.2.10 Ensure board audit committee can consider concerns raised by staff or volunteer about improprieties including arrangement for proportionate and independent investigation and follow-up.

CHAPTER 4 - SUSPENSION OF TRUSTEES, APPOINTMENT OF INTERIM MANAGERS

Clause 840: Suspension of Trustees, etc.,
Appointment of Interim Manager, etc.

- 1 The Commission may by order suspend the trustees of an association and appoint an interim manager or managers to manage the affairs of an association if it reasonably believes that-
 - a there is or has been any misconduct or mismanagement in the administration of the association;
 - b it is necessary or desirable for the purpose of
 - i protecting the property of the association.
 - ii securing a proper application for the properties of the association of the towards achieving the objects of the association, the purposes of the association of that property or of property or of property coming to the association,
 - iii public interest; or
 - c the affairs of the association are being run fraudulently.
- 2 The trustees shall be suspended by an order of court upon the petition of the Commission or members consisting one-fifth of the association. The petitioners shall present all reasonable evidence or such evidence as requested by the court in respect of the petition.
- 3 Upon the hearing of the petition and the appointment of the interim manager, the court with the assistance of the Commission may make provision with respect to the functions to be discharged by the interim manager or managers appointed by the order:
 - a the powers and duties of the interim manager or managers which may include the powers and duties of the trustees of the association concerned.
 - b any powers or duties specified by virtue of paragraph (a) to be exercisable or performed by the interim manager or managers to the exclusion of the trustees.
- 4 The functions shall be discharged by the interim manager or managers under the supervision of the commission.
- 5 The reference in subsection (1) to misconduct or mismanagement extends to the employment.
 - a or the remuneration or reward of persons acting in the affairs of the association, or
 - a for other administrative purposes, of sums which are excessive in relation to the property which is or is likely to be applied or applicable for the purposes of the association.
- 6 A court of competent jurisdiction may also do one or more of the following upon the petition of the commission or members of the association.
 - a by order suspend any person, officer, agent or employee of the association from office or employment, provided that such suspension shall not exceed 12 months from the date thereof;
 - b by order appoint such number of additional trustees as it considers necessary for the proper administration of the association;
 - c By order-
 - i vest any property held by or in trust for the association in the official custodian, who shall be a person so designated by the court from time to time.
 - ii require the persons in whom any such property is vested to transfer it to the official custodian who be an individual as the court may, from time to time designate, or
 - iii appoint any person to transfer any such property to the official custodian;
 - d (d) order any person who holds any property on behalf of the association, or of any trustee for it, not to part with the property without the approval of the court.
 - e (e) order any debtor of the association not to make any payment in or towards the discharge of the debtor's directly liability to the association but to make such payment into an interest yielding account held by the Commission for the benefit of the association;

- f (f) by order restrict (regardless of anything in the trusts of the association) the transactions which may be entered into, or the nature or amount of the payments which may be made, in the administration of the association without the approval of the court;
- g (g) by order appoint an interim manager to act as receiver and manager in respect of the property and affairs of the association.

7. Where, at any time after the commission has made an enquiry into the affairs of the association, it is satisfied as to the matters mentioned in subsection (1) of this section it may do either or both of the following-

- i who has been responsible for or privy to the misconduct or mismanagement, or
- ii whose conduct contributed to or facilitated it;
- iii by order of the court establish a scheme for the administration of the association.

8 The court may by order replace a trustee removed under subsection (7) of this section.

9 A person who contravenes an order under subsection (5), (d), (e) and (f) of this section shall be guilty of an offence and liable on conviction to fine as the court deems fit or imprisonment for a term of 6 months or to both. The Commission may make regulations in respect of -

- a the functions, powers and remuneration of the interim manager and manner in which the interim manager shall make reports to the Commission.
- b making reports to the Commission; and such other things as may be necessary for the effective administration of the association during the period of its interim administration.

10 The Commission shall only exercise its power under this section in respect of any Association with the approval of the Minister.

NNNGO'S RATIONALE

The public's trust that nonprofits are delivering public benefits is fundamental to the success of

the sector. Avoiding disputes and issues that could bring disrepute to the organisation and the wider nonprofit community is important. Making transparency and accountability real through open two-way communications, internal controls, rigorous monitoring, audit reviews, executive and board performance reviews. Nonprofits should avoid situations that would lead to the suspension of its board and appointment of interim managers.

KEY OUTCOMES FOR NONPROFIT

17.1 Nonprofit organisations ensures the operations and financial management activities are guided by the values of ethics and culture of transparency and accountability.

How to achieve this

17.2.1 Ensure strong internal controls are in place to prevent misconduct or mismanagement of the organisation's resources. Develop a financial management policy. Please visit <https://bit.ly/300SWa8> for a sample.

17.2.2 Ensure board agrees and abides by a conflict of interest policy. Please visit <https://bit.ly/2H6MwyW> for a sample.

17.2.3 Have a whistle blower policy and encourage staff members to report concerns and improprieties.

17.2.4 Board ensures that all stakeholders have the opportunity to hold the board to account.

17.2.5 Ensure the process for setting staff remuneration is clearly documented including allowances and reimbursements.

17.2.6 Ensure that board has a transparent process for making and handling complaints and that any complaints either internally or externally received are handled constructively, impartially and effectively.

17.2.7 The organisation must have a dispute resolution mechanism capable of transparently protecting and safeguarding the organisation's object.

17.2.8 For organisations whose board are appointed by its members, a clear policy on

who is eligible for membership should be developed.

17.2.9 The organisation must have clear, accurate and up-to-date membership record.

17.2.10 Keep members informed about the organisation's work.

17.2.11 Seek, value and take into account members view on key issues.

17.2.12 Be clear and open about the ways that members can participate in the organisation's governance.

CHAPTER 5 - COMMON SEAL AND CONTRACT

Clause 841: Common Seal

The common seal of the body corporate (if there is one) shall have such device as may be specified in the constitution; and any instrument to which the common seal of the corporate body has been at fixed in apparent compliance with the regulations for the use of the common seal shall be binding on the corporate body, notwithstanding any defect or circumstance affecting the execution of such instrument.

NNNGO'S RATIONALE

Common seals serve as the signature of the organisation on its documents binding it to all obligations undertaken in the document. With most countries now digitalizing documents and branding, the use of common seals is no longer fashionable. The act has now made the use of seals voluntary.

KEY OUTCOMES FOR NONPROFIT

18.1 Organisations may either have a seal or not.

How to achieve this

18.2.1 Since seals are meant to bind the organisation to obligations undertaken in documents, nonprofits not making use of seals must ensure that contracts and other binding documents are signed by senior

management, usually the Executive Director or a designated staff.

18.2.2 Develop a clear delegation or authority to sign or approve organisational obligations both internally and externally.

Clause 842: Contract of Corporate Body.

Subject to the provisions of this Part of this Act and of the constitution of the association, the corporate body may contract in the same form and manner as an individual.

NNNGO'S RATIONALE

In the course of carrying out its activities, nonprofits can enter into contractual agreements with third parties in areas such as grants, partnership, service/ vendor agreements, consultancy etc. Registration with CAC confers the organisation as a legal entity that can sue and be sued including the ability to contract in the same form and manner as an individual.

KEY OUTCOMES FOR NONPROFIT

19.1 Nonprofit ensures that relationships and agreements with third parties including staff, board and service providers, donors etc. are properly contracted.

How to achieve this

19.2.1 Ensure that the organisation's agreements with the staff, board, donors, service providers etc. are properly documented, contracted and properly assented including termination and expiration clauses.

19.2.2 Ensure all contractual obligations are properly filled and key milestones and deliverables achieved within the set deadlines.

19.2.3 Ensure organisation has sufficient capacity to manage grants, finances and reporting.

Clause 843: Accounts of Dissolved Incorporated Trustees.

1 Where a bank holds one or more accounts in

the name of or on behalf of the incorporated trustees of a particular association, and the account, or, if it so holds two or more accounts, each of the accounts is dormant, the bank shall without delay notify the Commission of these facts.

- 2 Where the Commission receives a notice under subsection (1) of this section, the Commission may request that the association provide evidence of its activities, and where the association fails to respond satisfactorily within 15 days of the request, the Commission may dissolve the association in accordance with section 851. Where an association is so dissolved, the Commission may give a direction to the bank concerned to transfer:
 - a the amount, or, as the case may be, the aggregate amount, standing to the credit of the relevant association in the account or accounts in question to such other association as is specified in the direction in accordance with subsection (3) of this section to the bank or;
 - b to each of two or more associations so specified in the direction, such part of that amount or aggregate amount as is there specified in relation to that association.
- 3 The provisions of subsection (2) of this section shall also apply where the Commission is unable, after making reasonable inquiries to locate an association registered under this Bill or any of its trustees.
- 4 The Commission may specify in a direction under subsection (2) of this section such other association or charities as it considers appropriate having regard to the purposes of that association or charity. Provided that before any association may be so specified by the Commission, the trustees of such an association shall, by a written memorandum to the Commission, indicate its willingness to accept such amount to be transferred to it.
- 5 Any amount received by an association by virtue of this section is to be received by the association on terms that
 - a it is to be held and applied by association for the purposes of the association; and
 - b as property of the association, it is

nevertheless subject to any restrictions on expenditure to which it was subject as property of the relevant association.

- c the receipt of a trustee for an association in respect of any amount received from a relevant bank by virtue of this section is a complete discharge of the bank in respect of that amount.
- 6 The Commission shall only exercise its power under this section in respect of any Association with the approval of the Minister.

CHAPTER 6 - ACCOUNTS AND ANNUAL RETURNS

Power to Direct Transfer of Credits in Dormant Bank

Clause 844: Accounts which Cease to be Dormant before Transfer.

- a Where any bank has given notice to the Commission under section 843(1) of this Bill, it shall, subject to any contrary provision under the relevant banking enactment, not reactivate the dormant account(s), without first notifying the Commission.
 - i If before any transfer is made by the bank in pursuance of a direction under section 843(2) of this Act, the bank has cause to believe that the account or accounts held by It in the name of or on behalf of an association is no longer dormant, the bank shall without delay notify the Commission that the account or accounts have ceased to be dormant.
 - ii If it appears to the Commission that the account or accounts in question is or are no longer dormant, or where the Commission receives satisfactory account of account of the activities of the association pursuant to section 843(2), it shall revoke any direction made to the bank under section 843(2) of this Bill with respect to any such account.

Clause 845: Dormant Bank Accounts: Supplementary.

- 1 No obligation as to secrecy or other restriction on disclosure, however imposed, shall preclude a relevant bank from disclosing any information on the status of dormant bank accounts to the Commission for the purpose of enabling the Commission to discharge its functions under sections 843 and 844 of this Bill.
- 2 For the purposes of sections 843 and 844 of this Bill and this section, an account is dormant if no transaction, other than:
 - a a transaction consisting of a payment into the account, or
 - b a transaction which the bank holding the account has itself caused to be affected, has been affected in relation to the account within the period of 5 years immediately preceding the date when the Commission is informed as mentioned in section 84(1)(a) of this Bill.
- 3 For the purposes of sections 843 and 845 of this Bill, the term, a “bank and this section, a “relevant bank” means:
 - a any Central Bank of Nigeria designated money deposit institution; or
 - b such other person or organisation who may lawfully accept deposits as may be prescribed by the Minister.
- 4 For the purposes of section 841 and 842 of this Bill, references to the transfer of any amount to an association are deemed to be references to any it’s transfer made to:
 - a the association trustees of the Association, or any trustee for the association, as the association trustees may determine, and any reference to any amount received by an association is to be read accordingly.

The length of time before a bank account goes inactive in Nigeria is 12 months for a current account and is classified dormant if it remains inactive for another 12 months. Before accounts are reclassified, your Banking institution will notify you 3 months prior to the occurrence. In safeguarding the funds in this account, in the case where the organization has not responded and the money is just sitting with the bank, the law provides for the money to be declared/or brought to the attention of CAC who then sets up processes of transferring the money to other nonprofits with similar purpose upon the approval of the minister. A dormant bank account signals to regulators and the public that the organisation is no longer in existence. Nonprofits not operating their bank account for up to 5 years at a stretch may send a signal to CAC the need for revocation of registration.

KEY OUTCOMES FOR NONPROFIT

- 22.1 Nonprofit remains active and maintains ongoing activities and financial transactions through the financial institutions.
 - 22.2.1 Ensure all financial transactions of the organisation goes through a bank account.
 - 22.2.2 Where the organization is having financial difficulties, ensure that donations as small as they are; go through your organisational bank account.
 - 22.2.3 To prevent the organisation from going into a period of inactivity, the Board may put in place a policy for operating reserve funds and investments.
 - 22.2.4 Ensure your banking details are up to date and that the finance team have a chart of accounts in order not to lose sight of any of the organization’s bank accounts.

NNNGO’s RATIONALE

Having a bank account is essential for any organisation. Nonprofits as part of their accountability processes must have a bank account. Managing a bank account in a nonprofit can be simple or complex depending on the size of the organisation, and amount of money and assets it possesses. Dormant accounts are evidence of no activity for a long period of time.

Clause 846: Bi-annual Statement of Affairs

- 1 The trustees of an association shall submit to the Commission a bi-annual statement of affairs of the association.
- 2 If the trustees fail to comply with subsection (1) of this section, every trustee shall be liable to a penalty for every day during which the default

continues in such amount as the Commission shall specify in its regulations.

NONPROFIT'S RATIONALE

Statement of affairs shows your organisation's total assets minus total liabilities or simply put, what you own minus what you owe (net worth). It compares transactions at the beginning of a period to transactions at the end of a period to calculate profit and loss.

When done, if your assets exceed your liabilities this shows your organisation has a positive capital position (profit). Your organization is not financially viable if your liabilities is greater than your assets i.e. what you owe is greater than what you own.

This report is required by CAC twice a year (June & December). This report helps to ascertain a nonprofits sustainability. It provides smaller nonprofits with the simplicity of managing their finances without having to understand principles of book keeping and it is less expensive to implement than a double-entry book keeping system.

KEY OUTCOMES FOR NONPROFIT

- 23.1 Nonprofit's net worth per time available for sustainability planning and regulatory compliance.
- 23.2.1 Ensure the organisation has a paid staff or volunteer staff with basic knowledge in accounting principles and has interest in playing with numbers. Encourage Board and staff to develop financial literacy.
- 23.2.2 Ensure the organisation has an organisational budget which must include program costs and overhead. Budgets help provide financial information to support all planning.

Please visit <https://bit.ly/2yVQNRc> for a sample.
- 23.2.3 Ensure the organization keeps proper records of money received and spent. Keep the records in any format you choose; what is important is that it must be easy to find. We recommend keeping it in both electronic and hard copies.
- 23.2.4 Ensure organisation has in place and implements a financial management policy

and that the organisation's annual accounts are inspected and audited by an audit firm. Smaller organizations may keep and submit a profit and loss account to CAC. Larger non-profits are encouraged to have proper audits by an audit firm.

Please visit <https://bit.ly/300SWa8> for a sample.

- 23.2.5 Ensure Board regularly reviews the organization's income statement, balance sheet (asset and liabilities) and budget quarterly or bi-annually and the annual financial report and audit once a year.
- 23.2.6 Ensure statement of affairs is accurately prepared and sent to CAC. Note that no one size fits all financial report exists hence you must design your report in a way that communicates information specific to your organization's current circumstances in a format that matches knowledge level and board members' roles.

Clause 847: Accounting Records and Statement of Accounts.

- 1 The trustees of an association shall ensure that accounting records are kept in respect of the association and such accounting records shall be sufficient to show and explain the transactions of the association and shall explain all the association's transactions and:
 - a disclose at any time, with reasonable accuracy, at any time, the financial position of the association at that time; and
 - b enable the trustees to ensure that statements of accounts prepared by them comply with subsection (3) sa of 4 this section.
- 2 The accounting records shall, in particular contain:
 - a entries showing from day to day all sums of money received and expended by the association, and the matters in respect of which the receipt and expenditure takes place; and
 - b a record of the assets and liabilities of the association.
- 3 The Commission may make regulations generally for the purpose of this Part of this

- a Bill and, in particular, without prejudice to the generality of the foregoing provisions, make regulations:
 - b prescribing the forms and returns and other information required under this Part of this Bill: prescribing the procedure for obtaining any information required under this Part of this Bill;
 - c requiring returns to be made within the period specified therein by anybody corporate to which this Part of this Bill applies; and
 - d prescribing relevant accounting principles/ standards to be adopted by the association.
- 4 Regulations under subsection (3) of this section may in particular make provision:
- a for any such statement to be prepared in accordance with such methods and principles as are specified or referred to in the regulations; and
 - a as to any information to be provided by way of notes to the accounts.
- 5 The financial year of an association shall be determined by the Commission through Regulations issued in pursuance of subsection (3) of this section. The Commission may also make provision for determining the financial years of an association for the purpose of this Bill and any regulations made under it.

Clause 848: Preservation of Accounting Records.

- 1 The accounting records of an association shall be preserved by it for a period of six years from the date on which they were made.
- 2 Communicate and prepare reports of your activities to meet your reporting obligations to CAC, other government regulators, stakeholders, donors, funder and the public.
- 3 Though the process might be delegated, it is the responsibility of the Board to ensure account records are kept and that they are prepared according to relevant accounting principles adopted by the organization. The law requires this records be kept for 6 years.

NNNGO'S RATIONALE

Whether reporting to CAC or not, nonprofits must keep records of their finances and operations as this aids their transparency and accountability. Under this law, nonprofits have an obligation to CAC to keep records on how they receive and spend money. When nonprofits show records of how they are run, systems are strengthened:

Demonstrate to regulators that the organisation in question continues to be run as a nonprofit and is working towards its objectives, hence, should remain eligible as a registered nonprofit.

Shows whether or not the organisation is in good financial health and is being run efficiently.

KEY OUTCOMES FOR NONPROFIT

- 25.2.1 Ensure your financial records are properly documented and explain how the organisation spends and receives its money or other assets (transactions).
- 25.2.2 Ensure your organisation correctly records and explains your organisation's financial position and performance.
- 25.2.3 Allow for true and fair statements be prepared and audited by an auditor firm. Smaller nonprofits can prepare a profit or loss account (Statement of Affairs).
- 25.2.4 Ensure operational records are kept in ways that show your organisation is operating as a nonprofit and is meeting its obligations under the part F of CAMA and other regulations such as FIRS act, AML/CFT act.
- 25.2.5 Records are to be kept for 6years following which it can be destroyed. We encourage you to check that your organisation has no record keeping obligations to donors/ founders beyond 6 years before records are destroyed.

Clause 849: Annual Returns.

- 1 The trustees of the corporation shall not earlier than 30 June or later than 31 December each year (other than the year in which it is incorporated), submit to the Commission a return showing, among other things, the name

of the corporation, the names, addresses and occupations of the trustees, and members of the council or governing body, particulars of any land held by the corporate body during the year, and of any changes which have taken place in the constitution of the association during the preceding year.

- 2 The return referred to in subsection (1) of this section shall be accompanied by the audited statement of accounts the corporate for the year of return.
- 3 If default is made in complying with this section, the corporate body shall be liable to a penalty as may be prescribed by regulation from time to time.

NNNGO'S RATIONALE

Nonprofits have an ongoing obligation to report to CAC by submitting their annual returns and annual financial report (audited) by 30th June or later than 31st December every year. i.e. the report is due within six months to the end of your reporting period if your organisation operates on a January-December financial year. The submission of annual returns helps the CAC to ascertain that you are still in operations and that your activities are still in line with your object.

KEY OUTCOMES FOR NONPROFIT

- 26.1 The nonprofit makes sure its activities are reported to CAC and that it stays registered as a nonprofit.

How to achieve this

- 26.2.1 Ensure the organization has systems and processes in place for reporting and filling its annual returns or information with CAC.

Please visit <https://bit.ly/2TvrIWG> for a sample.

CHAPTER 7 - MERGER AND DISSOLUTION

Clause 850: Merger of Associations.

- 1 Two or more associations with similar aims and objects may merge under such terms

and conditions as may be prescribed by the Commission from time to time.

NNNGO'S RATIONALE

Nonprofit mergers are becoming a common trend in developed countries and are now a topic of discussion among nonprofit leaders, boards and funders. Mergers provide an avenue to preserve and strengthen needed services provided by nonprofits to communities. The part F of CAMA recognizes mergers, paving the way for nonprofits with similar objects and aims to merge under terms and conditions prescribed by CAC.

Lessons from studies/research have shown that mergers improve the image, reputation and public support for nonprofits, increases financial stability and efficiency of operations. Mergers might also help address issues of duplication of efforts and avoiding solvency.

With the difficult economic climate, the funding terrain for nonprofits is adversely affected, we anticipate an increase in the consideration for mergers by nonprofits to develop greater organisational efficiencies relating to programming, administrative capacity and financial sustainability.

KEY OUTCOMES FOR NONPROFIT

- 27.1 Nonprofits considering mergers now have a legal framework for merging.
- 27.2.1 Ensure mergers are championed by the founder with buy-in from both the executive leadership and board of both organisations.
- 27.2.2 Ensure organisations considering a merger have shared similar vision and mission.
- 27.2.3 Identify potential mutual gains that could be realised in the merger.
- 27.2.4 Make use of experts in the merger process as they bring specialized knowledge on what the structure of the emerging organisation, function and legal aspect of the merger might look like.
- 27.2.5 Ensure your funders are involved throughout the merger process, giving them the opportunity to give input into the plan and process of merger.

Clause 851: Dissolution of a Corporate Body Formed under this Bill.

- 1 A body corporate formed under this Part of this Bill may be dissolved by the court on a petition brought for that purpose by:
 - a the governing body or council; or
 - b one or more trustees; or
 - c members of the association constituting not less than 50 per cent of the total membership; or
 - d the Commission.
- 2 The grounds on which the body corporate may be dissolved are:
 - a that the aims and objects for which it was established have been fully realised and no useful purpose would be served by keeping the corporation alive;
 - b that the body corporate is formed to exist for a specified period and that period has expired and it is not necessary for it to continue to exist;
 - c that all the aims and objects of the association have become illegal or otherwise contrary to public policy;
 - d that it is just and equitable in all the circumstances that the body corporate dissolved; and
 - e that the certificate of registration of the association has been withdrawn or cancelled or revoked by the Commission.
- 3 At the hearing of the petition, all persons whose interest or rights may, in the opinion of the court, be affected by the dissolution shall be put on notice.
- 4 If in the event of a winding up or dissolution of the corporate body there remains after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the association, but shall be given or transferred to some other institutions having objects similar to the objects of the association, such institutions to be determined by the members of the association at or before the time of dissolution.

- 5 If effect cannot be given to the provisions of subsection (4) of this section, the remaining property shall be transferred to some charitable object.

NNNGO'S RATIONALE

The law provides information on how nonprofits can be dissolved, helping to guard against abusive or excessive use of laws on nonprofits thereby ensuring the sectors right to freedom of association and assembly. The law further provides ground on which nonprofits can be dissolved. This aspect of the law safeguards the nonprofit sector and especially nonprofits working on rights related issues who are to susceptible possible donors.

KEY OUTCOMES FOR NONPROFIT

- 28.1 Nonprofits can only be dissolved by the court through a petition by its Board, members of association (50%) or the CAC.
- 28.2.1 In cases of unlawful shut down by government be sure each Board members and staff understands the process and grounds for dissolving a nonprofit.
- 28.2.2 In case the organization wants to wind down, because it has met its objectives, the board must take lead in winding the organization down.

2.4 Regulatory requirements for nonprofit tax

The Federal Inland Revenue Service defines a nonprofit (NGO) as “an association of persons registration under Section 590 of Companies and Allied Matters Act (CAMA) 1990 for the advancement of any religious, matters Act (CAMA) 1990 for the advancement of any religious, educational, literary, scientific, social/cultural development, sporting and charitable causes”.

It went on to say “NGOs by their charter are not of a government and are not conventional profit making entities. However, where an NGO engages in activities for profits derived there from will be subjected to income tax as provided for in Companies' Income Tax (CITA) LFN 2004 as amended”.

The following are the tax obligations of a nonprofit as described by FIRS

TAX OBLIGATIONS OF NGOS

NGOs must meet the following obligations in order to comply with Nigerian Tax Laws:

- Register and obtain Taxpayer identification Number (TIN).
- File tax returns on or before the due dates.
- Pay taxes (as applicable) **on or before** the due dates.
- Keep accounting books and records of transactions.
- Corporate with any authorized officer of the FIRS while on official business.

➤ Registration with FIRS

NGOs operating in the country are required to register and obtain Taxpayer Identification Number (TIN) free of charge from the medium Tax Office (MTO), Abuja or the nearest Tax office to their registered address, as soon as they are registered by the corporate Affairs commission (CAC). Registration with FIRS requires the following.

- A copy of registration certificate issued by CAC.
- Copy of Memorandum and Articles of association.
- Constitution, Rules and Regulations governing the NGO.
- Duly Completed FIRS Input Registration Data Form (Obtainable from FIRS)
- List and profiles of the Trustee/Board Members nominated.
- Copy of the current Tax Clearance Certificate (TCC) of each of the Trustees.

How to achieve this

- Ensure you visit the nearest tax office nearest to your office; a quick Google search can help. Note that you can obtain your TIN from the State Tax Board (Internal Revenue Service) or their nearest office to you.

- Have with you the official phone number, email and physical address of the organisation
- While FIRS has listed a copy of the TCC as a requirement, recent experience has shown that this hasn't been requested in practice.
- Typically your TIN should be generated within 24hrs if all goes well electronically and its FREE.

Filing of Tax Returns

An NGO is under obligation to file tax returns once annually. This is to enable the FIRS confirm if the activities of the NGO were in line with its not-for-profit status during the period or if it engages in taxable activities and to determine the taxes due where applicable. The obligation is in accordance with Section 55 of CITA as amended. NGO tax returns shall contain:

- Audited accounts, and a true and correct statement, in writing, stating the amount of any incomes and expenditures from each and every source.
- Such particulars as may be required for the purpose of compliance with Act and with any rules made with respect to profits, allowance, reliefs, deductions or otherwise as may be material by virtue of Act (CITA): and
- A declaration to be signed by a Director or Secretary of the organization that the information contained in the returns is true and correct.

OTHER RETURNS EXPECTED OF NGOS

Personal income Tax Returns (PIT)

Promoters of NGOs are expected to file PIT returns according to Due Dates for filling Tax Returns stated below.

PAY-AS-You-Earn (PAYE) Returns:

NGOs are to do the following:

Deduct Personal income Tax under Pay-As-You-earn (PAYE) scheme from employees' salaries and remit same monthly to the appropriate tax authority with accompanying schedule.

Maintain accurate record of employees and file annual returns required employers. The contents of the annual returns are:

- Completed form A (income Tax Form for returns of income and claims for allowance and relief
- Form H1 (Annual Income Declaration)
- A schedule of tax deduction to be submitted by the employer should the following information:
 - ☑ Name of employer
 - ☑ Taxpayer Identification Number (TIN) of employer
 - ☑ Name of employees
 - ☑ Tax payer identification Number (TIN) OF EMPLOYEE
 - ☑ Total emolument for each employee
 - ☑ Consolidated Relief allowance
 - ☑ Tax Deducted
 - ☑ Overall total tax charge and remitted
 - ☑ Evidence of payment of tax.

Value Added Tax (VAT) Returns:

NGOs are required to do the following:
 Pay Value Added Tax (VAT) on goods and services consumed, but are entitled to refund on items purchased exclusively for their humanitarian donor-funded projects or activities.
 Serve as taxable persons under the VAT Act by charging 5% VAT on their transaction and remitting same to FIRS using VAT Returns from 002 where they engage in economic activities for profit. VAT Returns form 002 is available at the nearest Tax office.

Withholding TAX (WHT) Returns

NGOs are required to do the following:
 Deduct Withholding Tax (WHT) at the rate shown below, from payments made to its contractors/ suppliers/ provider of service and remit same to the appropriate Tax Authority. In case where the contractor is an individual, the WHT should be remitted to the State Board of internal Revenue

(SBIR) of the State where the contractor resides and to FIRS in the case of incorporated companies, individual and enterprises resident in Federal Capital Territory (FCT), non-resident in Federal capital Territory (FCT), NON residents Individuals and companies.

Remittance of WHT is to be accompanied with schedule of deduction indicating the following details:

- Name of addresses of the Agent/NGO
- TIN of the Agent/NGO
- The name and address of the Taxpayer/ Beneficiary
- TIN nature of transaction
- The gross value of the payment on which WHT is being deducted.
- The applicable rate of WHT
- The amount of WHT deducted
- Period Covered
 - Pay over the WHT deducted to the relevant tax authority through e-taxpay or any other channel provided for the purpose.
 - Obtain e-acknowledgement/e-ticket from the bank as evidence of remittance depending on the channel used.
 - Obtain WHT receipt as an agent of collection and credit Notes for the benefit of those from whom tax was withheld.
 - Distribute the credit notes to the beneficiaries.
 - Alert FIRS in writing, if any problems are encountered in the process.

Applicable Rates of WHT

Transaction	Companies%	Individuals%
Royalties	10	5
Contract of supplies	5	5
Contact of construction	5	5
Divided	10	10
Technical Service	10	5
Processional service	10	5
Constancy	10	5

Management Service	10	5
Commission	10	5
Rent	10	10
Interest	10	10
Hire, Charter, lease	10	10
Directors fees	10	10

Due dates for filing tax returns

The term due date refers to the period given by law to a taxpayer to file specific tax returns and pay the related tax.

- Personal Income tax (PIT) : pit returns is filled and tax is paid by self-employed individuals on or before 31st day of March of every year.
- Pay-As You-Earn (PAYE) ; Payment of the tax deducted at source, and submission of the accompanying schedule showing the total emoluments and total tax deducted from each employee if=s required with ten (10) days of the end of every month.
- Annual return by an employer, regarding PAYE deductions made from employee in the previous year is required not later than 31st January of every year.
- Companies Income Tax (CIT);
 - For old companies: within six(6) months from the end of the accounting year
 - For new companies within eighteen (18) months from the date of incorporation of not later than six (6) months after the end of the company s accounting period, whichever is earlier.
- Education Tax; Education Tax is required to be filled together with Companies income Tax Returns with evidence that 2% tax on assessable profit has been paid.
- Withholding Tax (WHT): filling returns and payment of WHT is required within 21days from date the amount was deducted or ought to have been deducted.
- Value added Tax (VAT) filling returns and paying VAT due from the preceding month is required on or before the 21st day following the month of transaction.

► Record Keeping

A business record is a written evidence summarizing transactions carried out by a person or an entity at a given time or over a given period. Business records are normally kept in books in an organized form. Business records can also be maintained in manual and/or electronic formats.

All taxpayers, including NGOs are required to keep business records which provide all information about transactions undertaken at any given time including financial information in the currencies in which the transactions were carried out by the NGO. All documents should also be properly and safely kept.

► Other statutory obligations of NGOs

In addition to the Obligations stated above, NGOS are statutorily required to

Demand for sight and verify Tax clearance Certificate (TCC) from potential contractors/ Vendors before awarding contracts.

ADMINISTRATIVE OF TAX MATTERS OF NGOs

Currently, FIRS administers tax matters of NGOs centrally at the medium Taxpayer office, Abuja at the following address:

Medium Taxpayer office (MTO)

Federal Inland Revenue Service (FIRS)

12 Port Harcourt Crescent

Off Gimbiya Street, Off Ahmadu Bello Way

Area 11, Garki Abuja

All applications for income Tax Exemption which must be in writing on the organisations letterhead, with valid e-mail address and telephone number should be submitted to the same office.

Consequences of Non-compliance with tax laws

An NGO that fails to comply with the provisions of the tax laws commits an offence for which it shall be liable to various sanctions such as fine, penalties,

interest, etc.

Offences include among others:

- Failure to register for tax purposes
- Failure to keep proper business records
- Failure to file tax returns and pay tax on
- Failure to file tax returns and pay tax or before the due date.
- Under remittance of tax deducted/ withheld
- Understatement of tax in returns
- Failure to produce such records or information as may be required by the Tax Authority from time to time.

Conclusion

Nigeria Tax laws do not absolutely exempt NGOs from paying taxes; rather they recognize NGOs as basically not-for-profit entities, which are therefore exempted from paying Income Tax. However, where an NGO engages in activities from which it derives profits, it will be required to pay income Tax on such profits like any other profit-making entity.

It is also worthy of note that NGOs are not exempted from payment of VAT, (and where an NGO pays VAT on goods purchased for use in humanitarian donor funded projects, it is expected that claim for refund is submitted to appropriate office of the FIRS with Documentary evidence) Remittance of PAYE deducted from staff salaries, remittance of WHT on their contracts ,payment of stamp Duties on their documents, instruments and payment of capital Gains Tax on gains arising from disposal of chargeable assets acquired in connection with business they operate.

2.5 Regulatory requirement for anti-money laundering and countering the finance of terrorism

1 NPOs are required to file cash-based transactions for cash transactions in excess of \$1,000 or its naira equivalent (as stipulated under Section 5 of the Money Laundering Prohibition Act):

Before embarking on any transaction of the value of \$1,000 USD or its equivalent, NPOs are required to conduct Know Your Customer (KYC) on the customer using the customer's identity records with photograph and send these records to SCUML within 7 days of the transaction (CBTR).

Non-compliance attracts a fine of 250,000 (relatively).

2 NPOs are to file Currency Transactions Reports - CTRs (as stipulated under section 10 of the Money Laundering Prohibition Act) to SCUML of any single transaction:

Lodgment or transfer of funds in excess of 5 million naira or its equivalent in the case of an individual or 10 million naira in the of body corporate within 7 days from the date of transaction via SCUML online reporting platform on the SCUML Website: www.scuml.org

CONSEQUENCES OF NON-DISCLOSURE

Liable to a fine of not less than N250,000 and not more than N1 million (relatively).

How to file a Cash/Currency Transaction Report

Download the template from the SCUML website on

<https://scuml.org/scuml/index.php/downloads/dnfnis-reporting-template/>

[item/12-ctr-cbt-online-reporting-template-for-all-the-dnfnis-sector](https://scuml.org/scuml/index.php/downloads/dnfnis-reporting-template/)

• NPOs must conduct KYC (know your customers) o

The eCTR template is divided under these basic headings:

DNFI (reporting institution) – Name of organisation making the report

Name of Client/Source of Fund (donors, grantors, financial contributors to the NGO. An NPO could be the "Client/Source of Fund" if the funds are generated internally).

Beneficiary - Name of the recipient organisation or body

Transaction details – the engagement in which the funds of a "Client/Source of Fund" is committed in

actualization.

Agents/ Representative - In cases where an NPO is acting as a coordinating beneficiary between a donor and other beneficiary organizations

Name of Company/ Customer-i.e. the beneficiary. Corporate beneficiaries should state their full business name under the column for "last name".

Address: Location of the office or branch of the Non-Profit Organization where the transaction took place.

All Cash Based Transaction Reports (CBTR) and Currency Transaction Reports (CTR) should be forwarded to info@scuml.org and a copy also sent to the respective SCUML Zonal office email address where your organization is located.

3. NPOs must conduct KYC (know your customers) or CDD (customer due diligence) before commencement of any credible relationship/transaction

CDD or KYC simply means the act of performing background checks on the beneficiary or sponsors to ensure they are risk assessed of ML and TF before being on-board, especially on international payments relating to NPO programmes. These are necessary because organisations could ignorantly receive donor funds from people whose aims are basically to launder funds, finance terrorism or maybe cause some kind of mayhem.

How to conduct CDD:

I Data Collection: to identify and obtain information from the sponsor/donor/beneficiary.

For Individuals

- Full name
- Residential address, mailing address
- Contact numbers, email addresses
- Place of birth, date of birth
- Gender
- Marital status
- Nationality
- Race

- Government-issued identification number
- Government-issued tax identification number
- Occupation
- Specimen signature

For Entity

- Name of corporation
- Type of corporation
- Date of incorporation
- Place of incorporation
- Board resolution on authorised signatories
- Constitution
- Certificate of Incorporation
- Annual report
- Directors
- Shareholders / Senior Management
- Ultimate Beneficial Owners
- Source of funds

II Independent verification of collection:

to verify the information collected from the sponsor/beneficiary to ensure accuracy (can be verified by documents issued by a government or an independent reputable agency).

- Government-issued photo identification card
- Government-issued passport
- Tax bill
- Phone/power/water bill to prove residential address
- Business profile issued by a government regulator for business entities
- Certificate of incorporation from a country's official company register
- Articles of association, or memorandum of association

III Name screening

via a name-screening database and/or an internal blacklist to determine if a sponsor / donor / beneficiary poses a risk.

The objective is to ascertain if the client is known to be:

- Politically Exposed Person (PEPs)
- Criminal
- Terrorist
- Sanctioned individual/entity
- Reported in media to be involved in any activity that is adverse in nature

IV Decision outcome

A Compliance Officer may then provide a recommendation to outline the customer's risk level (low, medium, high) to the organisation and proposes certain controls when establishing business relationship with the customer.

V Ongoing Monitoring

On a regular basis, transactions and account activity should be scrutinized for suspicious activity.

VI Records Keeping

Ensuring that all records of the donor / beneficiary are documented as per the organisation's retention policy

Planning

3.1 Overview

This chapter provides steps to planning as an important tool for guiding the work of nonprofit organisations. It delves into some guidance on the process for strategic planning, annual work planning and budgeting including monitoring and evaluation which is considered essential.

3.2 Strategic Planning

The most important deliverable and implementation tool you are required to develop as an organisation is your strategic plan. A strategic plan is a document that details your disciplined steps for arriving at key organisational decisions, priorities and agreeing on actions that will shape and guide your organisation on what, why, when and how to meet its vision and mission. A good strategic plan takes the vision and mission approved by the Board and translates it into an overarching plan that the Board must approve before implementation.

Too often we have seen many nonprofits running without a written strategic plan as the Founder or Executive Director seems to have it all written in his or her head. A written strategic plan is an important document that should be publicly available to all staff, beneficiaries and critical stakeholders. A written strategic plan serves the following purposes:

1. Serves as an accountability tool for measuring the organisations implementation of its vision and mission
2. A basis for which to develop annual organisational work plan and budget against which organisational progress can be measured.
3. Forms the basis for decisions to allocate and source for resources both financial and human.

What should be the life span of a strategic plan?

We encourage well established organisations to plan for at least 5 years. Small and medium sized organisations are advised to plan for 3 years. Smaller, newer or less financially secured organisations may find it more useful to have an annual work plan instead. Note that a strategic plan is a living document and should be revisited annually to reflect new developments that may have taken place over the years.

10 Key steps to strategic planning and questions to consider

Step 1: Preparatory phase

- Which staff, volunteer, board member, beneficiaries will be involved in the process?
- What exact role will they play?
- How will our partner organisations, counterparts, members, beneficiaries contribute?
- Who outside of the organisation will take part and what external perspectives or experiences do we want them to bring into the process?
- What is the timetable for delivering the plan and how much time will each member of the team need to allocate to the process?
- Who will be responsible for doing the work relating to the desk research component (collecting relevant document) of the process?
- Who will be responsible for ensuring discussions and decisions taken are properly documented (written notes)
- Who will be responsible for providing

administrative support for the planning process?

Step 2: Decide on the scope of work

Start this step with discussions around what the organisation must do and other things that it must not do. This conversation must be driven by legal laws, own organisation policies/governing document, agreement with donors/partners or stakeholders.

You can use the following questions to shape the discussions:

- Why were we established as an organisation?
- What laws, policies, agreements, values, principles influence the way we operate?
- Are there external legislation and agreements that can affect our operations?
- How do this external legislation and agreements affect our operations?
- What internal rules and regulations influence our work as an organisation?
- What influence do stakeholders have on the service, programmes or activities of the organisation?
- What is possible and impossible for us to do given all of the above.

How to do a stakeholder analysis

- Through a brainstorming session develop a list of who has an influence over the organisations activities.
- Decide which of those on the list are most important
- Map the stakeholders with the strongest influence
- Analyse what each stakeholder wants from the organisation and how they rate or judge your organisations success. A questionnaire or physical meeting to determine this may be helpful. It is also safe to assume or guess.
- Ascertain if the analysis of your stakeholder is in line with your vision, mission and work or there are some demands or expectations that need to be clarified.

Step 3: External Scan

- What are the opportunities in the external environment that we can seize?
- What are the threats in the external environment that we need to overcome?
- Which groups of people are most affected by the issues we are working on?
- What are the social, economic, political, technological and environmental trends that make our beneficiaries vulnerable?
- What we already doing to address this as an organisation?
- What are other agencies and stakeholders doing to address these issues?

Note that this questions are best framed based on the organisations aims as outlined in its governing document and what it is legally bound to do given its mandate and scope of work identified in step 2.

Step 4: Internal Review

- What are the strengths of the organisation that can help it to overcome the threats?
- What weaknesses in the organisation need to be addressed to seize the opportunities?
- What makes our organisation unique?
- What main lessons can be learnt from our implementation of current or past programmes?
- What are the organisations biggest achievements since it was formed?
- What areas need improvement?
- What are the main lessons learned since the organisation was founded?

A SWOC analysis (strength, weakness, opportunities, constraints) can help in achieving this.

Step 5: Identifying strategic issues

Activities from steps 1 to 4 help to arrive at what strategic issues the organisation should focus on as by the time these steps are completed attention would already be focusing on the real important issues, major choices facing the organisation, areas

needing change and insights about how to resolve them.

Strategic issues are best written or framed as questions as this will highlight areas where the organisation needs to make choices and decisions. The aim, scope of work, external and internal environment scan and the results of the SWOC analysis will help shape the strategic issues.

In framing the issues, the following questions will need to be answered:

- Can the organisation justify why this is a burning issue?
- Is the organisation able to do anything about it?
- Will the organisation make significant impact by addressing the issue?
- What implications do the issue have on the organisations finance and human resources?
- Will the issue still be relevant in the next 2 years?
- What are the consequence if this issue is not addressed?

For example an organisation working on family planning has noticed an increase on the number of people not able to access family planning in communities across their state of operation. A trends analysis suggests that this is likely to increase given the budgetary allocations to family planning by the State in the last 3 years. The organisation already supports 2 communities out of about 700. Opportunities to expand their support to other parts of the state are constrained by funding and adequate human resources.

Strategic issue: Given our existence in the 2 communities out of 700 and our dwindling funding situation including lack of human capacity, should the organisation develop its work further to be able to expand to at least 100 communities?

Step 6: Defining Strategic Aim

By now you would already have a long list of strategic issues, it is important to start narrowing them down at this stage to three or four. The following strategic questions will help in achieving this.

- How can the strategic issues be merged?
- Which of the issues should we prioritise?

In the end you want a list of issues that are still relevant in the next three to five years ahead stated while accurately stating what the organisation wants to do and how it intends to do this during this time.

Using the strategic issue in Step 6 to form an aim, we could frame a strategic aim like this: To improve access to family planning services among 100 communities in XYZ State, working in partnership with the local CBOs and the State Government.

Step 7: Define the strategies

Strategies are the “roads” the organisation plans to take as it works towards achieving the strategic aim identified in step 6. It defines the big picture and priorities over the coming three to five years. Key questions to be considered are outlined below:

- What is the most appropriate path to pursue in addressing the identified strategic aims?
- What methods (approaches) would be used for realising each of the strategic aims?
- What are the advantages and disadvantages of these methods?
- What method or combination of methods would we use in realising each strategic aim?
- Whom will we collaborate with?
- Who will be our partner or counterpart in realising our strategic aims?

An example of strategy to help realise the strategic aim in step 6 could be:

Strategic aim:

To improve access to family planning services among 100 communities in XYZ State working in partnership with the local CBOs and the state government.

Strategies

- Undertake in-depth needs assessment of family planning needs in the 100 communities where the organisation will be working.
- Secure commitment of the State to allocate more funding to family planning services in the State
- Fund community family health services in 100

communities across the state

- Provide capacity building to healthcare professionals in communities where the organisation has interventions
- Secure additional funds to expand from the present 2 communities to 100 new communities.

Step 8: Identify resource needs

As soon as the strategies are identified for each of the three or four strategic aims or priorities, working out what the human and financial elements needed to achieve the plan over a three to five year period is an imperative. These serve as a strong foundation for the development of an internal capacity plan (step 9) and costing of the strategic plan (step 10).

Key questions to consider for the financial resources element are:

- What financial resources do we currently have and for which aspect of the plan?
- Where do these resources come from (local/international donor, government, international agencies)?
- Are there new funders that can be approached?
- What new sources of funding can be explored?
- How can we be resourceful in our approach to funding the plan?

Key human resources questions to be raised include:

- What skills and experience are currently available to the organisation in realising the strategies?
- What are the skill and experience gaps that exist within the organisation?
- How can we fill these gaps?
- Do we have the right balance and mix within our management (finance and administration) and programme staff (advocacy, communication, project, capacity building etc.)?

Step 9: Internal Capacity Building Plan

The internal capacity building plan helps to specify which areas the organisation needs capacity and how this will be addressed. Usually the capacity gaps would have emerged from discussions during the SWOC and possibly when discussing strategies to achieve a specific aim. Where it happens the issue of capacity is mentioned under a strategic aim, it is important to ensure that it is linked directly to that aim and not separately.

Step 10: Costing the Strategic Plan

At this stage this is where issues around budgeting come in. This step focuses on the amount of money needed to implement the strategic plan. Here the inputs required for each strategy in terms of people, equipment, services and materials are identified and costed. Costs can be categorised into recurrent office costs, management costs and direct programme costs (e.g. workshops, research and advocacy costs etc). The organisations income needs to be assessed to identify existing funds or pledged and gaps or new areas that are not funded. The gaps in funding should be translated into a fundraising strategy.

3.3 Work Planning

Your work plan is a detailed narrative outlining exactly how you plan to implement your strategic plan annually. Although the strategic plan will have three to five years focus, you will need to develop and submit work plans annually. The work plan is a key component of your annual responsibility to the board and the organisations internal project-management process. The work plan is the tool you will use to communicate to your board how you will execute the strategic plan and the money (budget) required to achieve it. It is also an excellent tool for internally planning and managing your organisations activities.

See <https://bit.ly/37KFoUJ> for a sample organisational work plan (annual)

As soon as the work plan is approved by the board, it is the task of the executive director to ensure that individual staff members are assigned to tasks on the work plan and that they clearly understand their

roles and responsibilities. An individual performance objective which will serve as the basis for performance management of each staff members will be developed and agreed.

What makes a good work plan?

- The work plan describes activities thoroughly and completely, so that someone who is unfamiliar with the project will be able to understand it.
- The different sections of the work plan are connected.
- The proposed activities, time frame and budget are realistic and achievable.

3.4 Budgeting

The annual budget is best developed from the organisation's annual work plan. The budget is a plan of spending for the coming year showing the organisations activities. It is a forecast for the year showing areas of under-funding and a tool for monitoring income, expenditure and fundraising. See <https://bit.ly/37KFoUJ> for an annual work plan template. Note that the final approval and authority for the annual budget lies with the board, it is the responsibility of the executive director to generate the budget with the support of the treasurer and finance committee.

3.5 Monitoring and Evaluation (M&E)

In this section, we will outline several important considerations to keep in mind as you work towards setting up a M&E system for your organisation. From experience it is a good practice to include M&E from inception when setting up your organisation or a project. Though often mentioned together, both are different activities; however they do have in common "learning". That is learning from what you are doing and how you are doing it.

What is Monitoring? Monitoring involves tracking your project's progress by systematically gathering and analysing information about what you are doing, who your project or programme is reaching and whether the activities being implemented are according to plans. Your monitoring activities provide the foundation for your evaluation.

What is Evaluation? This is a comparison you make between your actual project's impact against the agreed-on plans. It looks at the things you have set out to do, what you have been able to achieve and how it was accomplished.

Having in place a M&E system is more than just a database. You must be clear about your overall objective and think through how to track your activities and progress in order to make sure you are achieving your set out goals and objectives including your vision and mission.

For your M & E to be successful, you must conduct a baseline. This means that before the project starts you want to collect data on the state of things before your intervention. This is the basis for which you will measure change. Depending on the specific goals of your project, data to be collected may include communities, household and/or individuals. The baseline assessment is an important part of your organisations M&E system as the data collected during this phase can be used to refine the project design. The process is repeated in the course of the project to track progress, retool and at the end measure overall impact.

We recommend the following steps in setting up a M&E system for your organisation.

- 1 Have a M&E schedule
 - Ask yourself; what key deliverables is our M&E system contributing to and what dates are they due?
 - What are our donor/government/ organisational reporting requirements?
 - How will we be using the data collected: for internal programme management, to feed into annual planning and budgeting, mid-term evaluation, final evaluation, as a decision-making tool or regular programme monitoring?

Your M&E schedule should include indicators to track progress towards long term sustainability. Indicators are clues, signs or markers that measure one aspect of a program and show how close a program is to its desired path and outcomes. Read more about indicators here: <http://www.mnestudies.com/monitoring/what-indicators-and-types-indicators>

- 2 Define your indicators using your programme or

project objectives. <http://www.endvawnow.org/en/articles/336-indicators.html> for information on how to do this.

- 3 Choose appropriate data collection methods. Evidence based data is critical in telling the story of how your project is making impact. To achieve this, you will need to make careful decisions about the type of data (information) you need to collect that will tell your story better. A good M&E plan provides information on the number of beneficiaries receiving support from the project and how this support is bringing about changes in their lives. Data collection methods must be simple, easy to use and available to all so that everyone can learn from the data.
- 4 Start with a paper process first. It is best to design your step by step M & E process using paper- based forms at first. Once the system becomes more advanced you can choose to automate some aspects. The following questions will help in designing your data collection system.
 - When we visit the field, what data do we need to collect from our beneficiaries?
 - How will these data (information) be collected?
 - How will they record the data?
 - How will the data be consolidated and analysed for reporting?
 - Whose responsibility is it to coordinate this process?
- 5 Build staff /volunteer capacity for data collection and design a reference toolkit. As soon as the system is designed and ready for use, design a training module and reference toolkit for staff and volunteers working in the organisation. Ensure to have in the toolkit possible challenges staff may face and provide guidance on how it can be addressed. It is helpful to clearly define your indicators and guidance on what and how to track them.
- 6 Do a test run. We recommend testing your system before it is fully rolled out. Doing a practice run of your system from the beginning to end, will help you spot challenges and technical issues before your actual implementation of the system.

Management, Policy and Systems

4.1 Overview

This chapter provides guidance on setting up management, developing policies and systems for running a nonprofit. It explains good financial management, policies that must be in place in an organisation, people management (staff and volunteers) and office administration.

4.2 Financial Management

A good financial management system is derived through sound financial procedures policy. An organisation's financial procedures policy lays down procedures for ensuring that resources are put to use properly. It is necessary that this policy is understood by members of staff and Trustees (Board) since they are the ones charged with the responsibility of managing the organisation's resources effectively.

Ideally the financial procedures policy is developed by the Board and the Executive Director, involving other members of staff especially those responsible for managing the organisation's finance. The policy document details the financial management procedures of the organisation and clearly lists the roles and responsibilities of staff and board (Trustee) members. It is good to state in the document that it cannot be changed without formal approval of the Board (Trustees).

The following elements must be included in your financial procedures policy

- Purpose of the financial policy
- Roles and responsibilities
- Accounting system

Key questions to help frame the accounting system part of the policy

Fraud

- How would we deal with cases of possible fraud if and when it happens?
- Whom will staff and volunteers report cases of fraud to?
- What steps will be taken on the report?
- What is the penalty if a staff member is found to be involved in fraud?

Systems

- Will we use manual systems or online applications for our accounting?

Banking

- How many signatories will the organisation have?
- For ease of operation, whom amongst senior management is the Board delegating its check signatory role to?
- How will the organisation ensure that its bank accounts are secured?
- How many accounts will the organisation operate

Cash policy

- How will cash transactions be managed?

Assets

- How will the organisation's assets be managed and disposed?

Vehicles

- How will the organisation's vehicles be used and properly maintained?

Staff

- How will staff expenses, salaries and reimbursements be processed?
- What is the salary structure for the organisation?
- What are Trustees, staff members and volunteers entitled to?

Purchasing

- How will the organisation manage purchases and procurement of office and project related items?

Insurance

- What type of insurance is needed by the organisation?
- What does the law say on staff, vehicle and property insurance?

The Four Pillars of Good Financial management

Internal Controls: Internal control is a system of common sense controls, checks and balances designed to manage internal risk and safeguard the organisation's money, equipment and other financial assets. The purpose of internal control is to minimize losses, such as through theft, fraud, corruption, bribery or incompetence. An effective internal control system also protects staff, an organisation's most important asset.

Record Keeping: Every organisation must keep an accurate and complete record of all financial transactions that take place during the financial year so they can show how organisation funds/grants have been used. Accounting records include both the physical paperwork (such as receipts and invoices) and the books of account where the transactions are recorded and summarized.

Planning: Linked to the organisation's strategic and operational plans, budgets are the cornerstone of any financial management and play an important role in monitoring the use of organisation funds/grants. The financial planning process includes building long-term plans, such as a financing strategy, and shorter-term budgets for projects, grants and programmes, and cash flow forecasts.

Monitoring: Provided the organisation has kept accurate and timely accounting records, and has set its budgets, it is possible to produce financial reports for the use of different stakeholders. For example, budget-monitoring reports help managers to monitor the progress of their projects or grants, and annual financial reports provide accountability to external stakeholders.

WHO ARE THE KEY PLAYERS IN FINANCIAL MANAGEMENT?

There are seven key players or groups/teams of players in financial management in an organisation.

Those players and their responsibilities are:

Board of Director's Responsibilities: to ensure transparency and accountability in using the organi-

sation's resources according to organisational values, vision and mission to achieve organizational goals and objectives

Management Team (a team of managers led by Executive Director). Responsibilities: plays important roles in acting between the board of directors and the executive director. They are responsible for ensuring that resources are effectively and efficiently used to achieve organisational goals and objectives.

Executive Director Responsibilities: ensures that all income and expenses adhere to organisational by-law or charter that organizational resources are properly used to achieve the set strategic plan and complies with donors' agreement and organizational policies and procedures.

Program Manager's Responsibilities: financial transparency of the program. It is the program manager's responsibility to deter major fraud by putting in good basic systems and by personally making a few key checks. This needs not be overwhelming. The key is to judge what the really significant risks are and to make efforts to control them. Additionally, the program manager is responsible for ensuring that the budget is developed based on an accurate activities plan and monitoring the progress and utilization of funds according to the approved budget.

Finance Manager. Responsibilities: the overall operation of the organisation's financial management and ensuring that all financial transactions comply with organisation financial policies and procedures and are supported with enough and valid supporting documents. Besides this, he or she shall ensure that financial statements are produced accurately and in a timely manner.

Accountant's Responsibility: to produce reliable and timely financial reports, which comply with accounting principles, in order to help management to make financially viable decisions.

The Cashier's Responsibility: custodian of finance assets and its related documents, such as cash, checks, passbook, and safe key and code. In addition the cashier is also responsible for recording the movement of cash in the cashbook to ensure that the accountant's records are accurate and timely.

See <http://bit.ly/2DsaVg3> for a sample financial policy

4.3 Managing Staff and Volunteers

To deliver on its vision and mission, nonprofits need good people management. It is essential that those working in a nonprofit are managed effectively and that they perform optimally while developing personally through their jobs. This process starts with recruiting the right people for the right job.

Selection and recruitment of staff and volunteers

Finding the right staff or volunteer to do the job right is an important process in running a nonprofit. Careful consideration needs to be given to the kind of person, experience and commitment of those to be offered employment or volunteer opportunities in the organisation.

We recommend the following steps:

- **First analyse what your organisational needs are.** Your strategic plan would determine what your needs are. It is important to develop a proposal for recruiting staffs and volunteers for the consideration of the Board (Trustees) who then assess this against available financial resources and strategic aims
- **Draw up a job description for the post.** As soon as the Board has agreed to your proposal to create the job positions and functions, you will need to draw up a job description and person specification (skills and experience needed to deliver the specific responsibilities). All staff (including volunteers) whether old or new regardless of the number of hours spent in the organisation must have a job description. This job description must be reviewed annually to ensure it continues to reflect the work plans of each individual staff.
- **Advertise the vacancy.** It is a good practice to advertise the post widely both within and outside the organisation. You can advertise on the organisations website, social media pages, organisation's newsletters, flyers shared at conferences etc.
- **Selection panel.** You will need to set up

a selection panel made up of diverse, high quality individuals' based on the nature of the position. Note that the Board is responsible for the selection of the executive director. For senior and middle level posts the executive director and at least a member of the Board should be part of the selection panel. A member of staff can also be on the panel and can be rotated amongst staff so that all employees have the opportunity to develop selection and recruitment skills. Having an external person from your partners, other NGOs etc can also help bring different perspectives to the recruitment.

- **Shortlisting the right candidate for interview.** If the skills and experience the organisation wants for the job is well thought through and specified in the job description, shortlisting the right candidate for an interview will be easy. A list of essential and desirable competencies, skills and experience should be developed, discussed and scoring modalities agreed by the panel.
- **Interview.** While you can conduct your interviews in any format that you want, it is important to ensure that every candidate goes through the same process in order to ensure fairness. It is good practice to inform the candidates what form the interview will take and the date.
- **Selection.** As soon as all candidates are interviewed, members of the panel should meet to compare grades given to each candidate and discuss their observations. The panel should usually be able to easily agree on a candidate for the job through this process however in case they are unable to they can gather again the following day. Note though that the recruiting manager's assessment counts and is final.
- **Inform the candidate.** All candidates interviewed for the post deserve to be contacted on the outcome of the selection process whether they have been successful or not.
- **Referencing.** Before giving the candidate an offer, two references should be sought (with one of them being the candidate's line manager) to comment on the candidates

suitability for the job. Following a satisfactory referencing, a job offer can be made.

- **Employment offer.** The employment offer will come in form of a letter of appointment stating rates of pay and when it is paid. Tax and other statutory deductions, period of probation and how salary increments are made.
- **Contract.** This is an important document that new and all staff members or volunteers should read carefully, ask questions to understand clauses and kept in a safe place. The contract would include text on:
 - » Induction and probation period
 - » Hours of work and core hours
 - » Salary and remuneration
 - » Subsistence and travel expenses
 - » Annual leave and other leaves
 - » Secondary employment
 - » Notice period
 - » See xx for a sample contract

Managing Performance

How staff and volunteers are managed determines the organisation's success and the level of impact it can make. It is critical that an organisation puts in place a performance management system that it will use in appraising its staff and volunteers quarterly and annually on how each staff member is performing on his or her job according to agreed work plan. Staff development is an integral part of the performance management process through which employees existing skills and knowledge are built so that they can deliver effectively on the job.

The performance management process helps to detect poor or underperformance and to create steps to address them. It is the responsibility of the line manager and in small organisations the executive director to let the employee know what aspects of his or her performance needs to be improved, how and when this should be done. The employee must be made to understand that the improvements needed will be assessed and measured at an agreed date when his or her progress will be reviewed. Employees must agree to the assessment verbally and in writing.

Read more on performance management here <https://www.ok.gov/opm/documents/PMPHandbook.pdf>

Staff Development

Having in place staff development plans ensures that the organisation can retain staff and that individuals working in the organisation perform optimally. Staff development involves improving each staff's existing skills, competencies, knowledge and ways of working so that they can perform better at their job. Staff development does not necessarily need to be expensive neither should it be formal training, workshop or short courses only. It can be in form of mentoring, coaching, on-the-job experience, sharing ideas, skills and expertise with colleagues, reflection exercises on what worked well and what did not and through reading online.

Raising Concerns

It is important for an organisation to have a system in place for how staff/volunteers can raise their concerns at work including bullying and harassment. They must be taken through how to use this process so that they can understand it. Usually this system is created and documented in a grievance policy. Allowing staff/volunteers air their grievances shows the organisation's commitment to openness, probity and accountability. Further to this, it allows for free flow of information and idea including innovation amongst staff members. It is important to let staff members know that when their concerns are raised in good faith, the organisation will protect them from consequences however frivolous, malicious or concerns raised for personal gains will attract disciplinary actions.

Employees should also be able to share any serious concern they have about the conduct of the organisation's business or about the conduct of other employees, Board (Trustee), consultants etc through a whistle blowers policy. **See example of a whistle blower policy here <https://bit.ly/2LkuE5V>.** Examples of serious concerns include:

- Any action against the organisation's policies or below standards or code of practice
- Any action against the law
- Health and safety risk
- Misuse of organisation resources
- Corruption or unethical conduct
- Abuse of beneficiaries

All concerns must be treated in confidence with every effort made to protect the identity of the employee raising the concern if he or she wants to. Whistleblowers may however be required to act as a witness.

Disciplinary Procedures and Appeal

Before starting work with the organisation, all new employees and volunteers must be encouraged to familiarize themselves with the disciplinary procedures that exist in the organisation. This procedure should apply to all staff including the Executive Director. The disciplinary procedures should also give room for appeal which would usually be in writing and reviewed by an appeals panel that is neutral and has not been involved in the disciplinary procedure. They may be nominated from outside of the organisation. All disciplinary action taken on staff members or volunteers should be filed for a specified period of time.

All of the above, from selection and recruitment, performance management, staff development, raising concerns and disciplinary procedures are best developed into one policy document called staff handbook or human resources management policy

Office Management

A good office management practice provides a foundation for a well-grounded administrative base that ensures smooth delivery of the organisations activities. To successfully achieve this an organisational structure is needed. Through an organisational chart, the organisation shows lines of authority and delegation of duties, how work is shared, increases ownership when staff members can see themselves in the structure, shows stakeholders and visitors how the organisation is structured and its main areas of work.

Stakeholders, beneficiaries and the general public communicate with an office in these ways:

- Visit to the office
- Through the telephone
- Through emails, letters and on your social media pages

It is important the organisation has in place communication systems that can accommodate this. They can do this by:

- Ensuring that there are signposts outside of your office with the name, office/visiting hours and contact details so that visitors can easily locate you. You can also place your organisation on Google maps.
- Have signs giving direction to the reception and main entrance area
- If in a big facility, label individual offices with name and job titles so that visitors can easily find their way
- Put organisation brochure and annual report at the reception area for visitors to read while waiting
- Display organisational structure chart, mission and vision statement and clause on anti-money laundering and countering of terrorism financing as required by the law.
- Ensure your office is disability friendly

Internally, staff members communicate with each other through meetings, conversations or by sending email. It is important to hold staff meetings regularly (once a week, bi-monthly or monthly). Project staff may also hold separate meetings to discuss project and programme related issues. The finance and administrative team are also free to meet separately to discuss administrative and finance related issues. However meetings must be kept to a minimum to allow time for the real work to be done.

To improve office relationships, the organisation should work with its staff to develop a list of good office discipline that they would like to have in place to guide them on a daily basis. Once this is debated and agreed, it should be adopted by the organisation and included in the organisations staff handbook or human resources management policy.

An efficient filing system is the hallmark of a solid administrative system where documents are easy to find and are kept in order in a secured place. It makes organisational and regulatory reporting easy and seamless. Using filling cabinets, the organisation must do routine filing of the following information:

- Agenda and minutes of meetings of the Board including reports and papers presented to them
- Annual financial reports, quarterly financial

- reports, monthly statements
- Annual reports
 - Strategic plan, work plans and annual budgets
 - Human resources documents- Job descriptions, staff CV's, contracts, performance appraisal, leave records etc.
 - Project information, proposals, work plan, timesheets, contracts and financial reports, funders and reports

- Inventories, asset register, vehicle use and servicing, generator use and servicing.

While all staff can access the information above, those related to human resources are of confidential nature and must be treated as such. The filing cabinets must be secured in a logical place at all times with rules for accessing them clearly and transparently spelt out by the organisation.

Project Management

5.1 Overview

This chapter provides guidance on how projects emanate from the strategic plan, steps for conducting a needs assessment in order to ascertain its interventions, how to develop a concept note and full project proposal including some best practices on project management.

5.2 Strategic plan and organisational projects

Projects to be developed and implemented by the organisation must derive their origin from the strategic plan approved by the Board (Trustees). For us at the Nigeria Network of NGOs, we define projects as a combination of steps or actions taken to translate the strategies or ideas in an organisational strategic plan into concrete or practical activities to solve an identified need that will bring about change. When projects derive their origin from the strategic plan, it is believed that the organisation is on its way to a sustainable future of greater long term impact.

To be successful in generating project ideas that will help implement your strategic plan, we encourage carrying out a needs assessment.

5.3 Needs Assessment

A needs assessment is a crucial element of your programming cycle, informing decision-making processes and intervention options for addressing identified challenges. A quality needs assessment helps to determine an effective response that can have a lasting impact on the effectiveness of project interventions, level of funding and quality coordination/partnerships while contributing to improved stakeholder engagement and beneficiary ownership.

What is a needs assessment?

Simply put, needs assessment is a process of asking a group of people or community about their most important need and actions they think can be taken to address them. Findings from the assessment can then be used to develop appropriate response for addressing the needs.

A needs assessment should not necessarily be formal; it can be done informally and within a reasonable time, budget and human resources. For example you can informally ask people you know in the community where you are planning your intervention, women in the market, attendants at petrol station, church or mosque members etc. what they think about the issue and document that. Or you could do a structured survey that is administered professionally. Whatever forms your needs assessment will take, we recommend taking into consideration these common elements:

- Pre-defined set of questions to be asked
- Pre-determined number of responses (people) expected
- Pre-determined types of people in the community to answer the questions
- Findings analysed in easy-to-understand format and discussed with the community
- Findings used for project development and planning

A need assessment if properly planned and executed helps you to know more about the issue you are trying to address and document properly your needs (justification) as is required in funding applications including in developing advocacy and campaign strategies around the issues. It also helps to build community ownership and buy-in for your interventions. Note that a need assessment is not necessary before every action especially if there are other surveys and

reports that provide you adequate information for planning your projects.

We however think that it is good to do a needs assessment if you:

- Are a nonprofit that is just starting out and want to make meaningful impact
- Want to really show your stakeholders and prospective funders or supporters that you are addressing the most important problems of your beneficiaries
- Want to generate community or stakeholder participation in your activities.

In understanding the needs of a community we recommend these five steps:

- Identify a problem situation
- Speak with stakeholders to see if they think it is a problem
- Consider every aspect of the problem situation
- Establish what the causes and effect are between all the issues
- Map out the core problems (prioritise the problems or issues)

You can follow these steps:

- Identify key person amongst the XYZ staff team to serve as the Project Lead and Focal Point
- Set up a XYZ Needs Assessment Committee and determine a reporting schedule
- Host a first meeting of the committee to identify concerns, goals and desired outcome for the needs assessment including determining the indicator, data sources, target groups and priorities.
- Develop data gathering tools based on the outcome of the committee meeting.
- Data gathering and analysis phase.
- Hold 2nd meeting of the committee and other critical stakeholders to validate report and develop a plan of action.

See sample needs assessment plan used by the Network at <http://bit.ly/34yy4JK>

When undergoing a needs assessment, take note of the following:

- Always respect the community and its members.
- Take into consideration cultural sensitivities
- Aim for simplicity as you conduct your research
- Do not raise unnecessary expectations. Be clear about what you can do and cannot do
- Share the outcome of the research with the community and listen to their feedback.

5.4 Concept paper

The reason for doing the needs assessment is to get information on the needs of the community and what actions to take in addressing them. So it is time to take action. Based on the plan of action developed from the needs assessment we recommend you develop a concept note.

A concept note is a summary of your proposed projects that will convince your stakeholders and potential funders that there is a real need for it to be implemented. Usually a concept note helps to check a funder's interest in supporting your work before writing a full proposal. This is a trend with many funders these days. Having a concept note written enables the organisation to collect project ideas and have then filed for potential fund raising or partnerships.

A concept note is a brief outline of the project you have in your mind. Ideally, it should not be more than 2-3 pages unless the donor agency has specific requirements—some ask for maximum of 5 pages. If you wish to supply extra information, you can always annex documents such as your organization profile. Your concept note will have an introduction, a background, proposed objectives and results and a budget overview. It should address the following questions:

- What is the problem?
- What does the organisation want to do to address the problem?- provide general summary of the project but be specific about the aims (goals) and objectives
- Why is there a need for taking action on the

problem? Here you will find results from your needs assessment useful

- Who will the project benefit?
- Why do you think they will benefit from your intervention? Refer to results of the needs assessment
- When will the project start and end?
- What are the project activities and how will they be carried out?
- How much money will you need? Note do not inflate costs.

After writing your concept note, make sure that you proofread for errors and check if it is clear and simple enough to be understood by anyone reading it. Ask yourself if the problems and solutions you have identified are well stated? When this is done, identify a list of potential funders and send the concept note to them via email or courier. Note that some funders have a standard process for receiving concept notes.

5.5 Full project proposal

Now that you have written a concept note and a funder has signified interest in providing support, the next you will hear is “send us a full proposal for further consideration”. This is potentially a good news but the start of another process. At this stage the concept note now needs to be developed into a full proposal.

Most funding organisations have a template or guideline for writing and submitting proposals. It is important that you follow their guide or template if one is provided. Note also activities that the funder can and cannot fund.

A full proposal or grant proposal follows a fairly standard format that includes a cover letter, a summary of your project, and the amount of money you'll need from the funder. Proposals can range in length from 5-25 pages. While there is no single model or structure for a funding proposal there are components that we think should not be ignored:

Background

- Introduction to the issue and situation of the target community or group

- Cause of this situation and its effect on the community or group
- A national analysis of the issue
- History and profile of the organisation around that issue.

Outcomes of the needs assessment will be very helpful in developing a good background to the issue and excerpts from your strategic plan.

Statement of the problem

- What is the condition of the community or group of people affected by the issue?
- What facts and figures do you have to buttress your point?
- Are there human angle stories limited to the target group that can be used as realistic examples of the problem?

Justification

- What is the need for the project?
- Why should the funder support this?
- Why should the problem be addressed?
- What results are expected at the end of the project?
- What evidence do you have for local participation and support?

Goals and objectives

The goals of the project are the results you hope see at the end of the project. The goals tell the funding agency the improvements you are hoping to achieve among the community or target group. Goals show what the impact will be over a long term period.

Objectives are much narrower than goals and are smart, measurable, attainable, realistic and time bound. Objectives should be framed along the following lines:

- What changes the programme will bring about
- Target audience
- The direction of change (increase/improve, decrease/reduce, enhance)

- Degree of change to be achieved
- Time frame for reaching the desired degree of change

For example:

- 15% increase in the number of women accessing family planning services in xyz state by the end of 2023.
- There will be 30% reduction in the incidence of unwanted pregnancies in the xyz community by the end of the project.

Activities

Activities that will achieve the goals and objectives need to be identified and clearly articulated in the proposal. At this stage of the proposal, the activities must be related to the problem and objectives. Explanation should be given for each activity with timeframe for each activity. Each activity must lead to the other.

Roles and responsibilities

If partners or multiple organisations are involved in the delivery of the activities, it is necessary to identify the role of each partner or organisation to prevent disputes.

Sustainability

Most funders are interested in knowing how you will sustain the project when funding has ended. Your proposal should include information on how this will be achieved. List out the organisations/partners or

beneficiaries and the role they will play in taking over the project and their responsibilities once the project funding come to an end.

Implementation plan

This section of the proposal details how the activities will be implemented, time frame, activity, who will be responsible and expected outputs. Your work plan should be included here in form of a table.

See sample of a project work plan here.

Monitoring and Evaluation

A description of how the project will be monitored and evaluated (M and E) should be included in the proposal to identify gaps and implementation challenges for quick retooling, learning and impact measurement. How the results of the M&E will be shared also needs to be included.

Budget

The best way to submit your budget is to put in a spreadsheet and should include the description of the items needed, unit cost, quantity and total cost. The budget must not be inflated and must include all costs you want the funder to cover. See <https://bit.ly/33y7PI8> for a sample project budget.

5.6 Project management

Congratulations your project proposal has been approved and a contract signed. The following start-up steps are what we follow at the Network and we have seen results:

Event/Task	Step
Award finalised or contract signed	<ul style="list-style-type: none"> - Announce information on the award among all staff - Have hard copies of contract, full proposal and budget filed - Share copy of contract with all staff responsible for implementation.
Work planning	<ul style="list-style-type: none"> - Review your project work plan with the project team and develop a detailed work plan and budget comparison to ensure that planned activities are consistent with amounts approved by the funder.
M and E System	<ul style="list-style-type: none"> - Develop your indicators and definition for each, how data will be gathered, discuss importance of data gathering among staff and train them on how to gather data properly. Documents relating to workshops or training events (attendance, training notes, workshop notes, profile of speakers, trainers, handouts etc) properly filed
Financial systems	<ul style="list-style-type: none"> - Make sure your finance team and all project members understand the financial reporting requirement for the project and that you have everything in place to meet the standard. A sub account for the project is recommended.
Procurement	<ul style="list-style-type: none"> - Establish a simple procedure for procurement that meets the funder's requirements and reflects your organisation's procurement policy.
HR Policy	<ul style="list-style-type: none"> - Ensure your HR policy or staff policy is implemented to the letter on the project. Timesheets should be properly completed - Staff contracts properly signed and filled
Communication/ Visibility plan	<ul style="list-style-type: none"> - Develop a communication/visibility plan per the donors communication requirements
Implementation	<ul style="list-style-type: none"> - Begin implementation as soon as you have all the above set and in place.

Fundraising

6.1 Overview

This chapter provides guidance on how to develop a fundraising plan including fundraising tips

6.2 Developing a fundraising plan

The journey to a good fundraising starts with people knowing about your work. As an organisation, you will need to plan how you want the public to know your work. In doing this, you will need to determine how you want to reach your audience and what you want them to know about you. To get supporters and funders excited about your work, you need compelling stories to tell them. Establishing an emotional connection with your funders means sharing your vision and unique value with them.

Some practical ways to make the public know about your work includes:

- Logos and branding: anything that carries your organisations name and logo such as calendars, t-shirts, folders, diaries, pins, stickers etc.
- Open house events
- Project launch
- Radio and TV appearances
- Newsletter
- Newspaper
- Website
- Social media

To be seen as transparent and accountable, it is a standard best practice to have the following documents publicly available on the organisations website or social media page:

- Constitution
- Strategic plan
- Annual report detailing impact

- Audited financial report
- Organisational profile
- Programme areas and
- Funders list

To achieve your organisational objectives, you will need to develop a fundraising plan. The plan is helpful in showing how to diversify and increase your sources of income, reduce donor dependency and enhance long term organisational sustainability. To develop this plan you will need to follow these steps:

- Determine what the organisation's financial gaps are by analysing the present amount of money available, from what source, period of time funding is for, budget lines the money is to be used for. Once this is done, the gap in funds can be easily identified and plans put in place to meet them.
- Map potential funders' besides the ones already supporting your organisation. This should be funders working in the sectors you focus on.
- Send regular updates about your work to the potential funders – you will need to develop a calendar of messages and information about the organisation to send to them on a monthly basis.
- Look for opportunities to share your knowledge and expertise with the potential funders maybe through participation at their events, responding to their surveys or strategy consultations.

The following fundraising strategies can also be included in your plan

- Grant/project funds
- Income generation activities such as conferences, workshops or fundraising events
- Private and individual donations

- Corporate giving

Remember fundraising is a journey, not just a single transaction hence it requires time, money and commitment. This means you have to dedicate a certain amount of staff time to fundraising.

Reporting your work

7.1 Overview

This chapter has been developed to help nonprofits who are new to writing annual reports to easily get the process started while staying transparent. This guide offers information on how to plan and create a valuable engaging annual report that you can submit to regulators and one that your friends, donors, beneficiaries and other stakeholders would want to read. We also provided guidance on how to report the organisations finances.

7.2 Annual reporting

Who will lead the annual report project?

Identify a staff member who will lead the coordination of activities towards the development of the annual report. Where there is one, we recommend this should be led by a programs/project manager or communications officer. In cases where these posts do not exist, the Executive Director should take the lead.

Which staff member, volunteer or board member will contribute data and other information?

Staff members, volunteers or board members leading on different activities and with sufficient information on key successes achieved in the year should be invited to contribute data. They should gather data relating to projects that they have led in the year. Tips on data to be gathered are available on page xx.

What is the objective for this annual report?

Why are you writing this annual report? Is it to show your impact? Inspire more action on the part of your stakeholders? Sustain old and attract new donors? As part of regulatory or donor requirement? Or to thank your donors and board members? Whatever the objective is, note that an annual report is an

important accountability, transparency and communications tool for showing impact and value!

Your Audience

Who are your audience for the annual report? Are they your board, donors, beneficiaries, regulators, nonprofit networks and coalitions, corporate sponsors, individual donors, general public etc. Knowing who your audience is will shape what kind of information you provide and how this is framed in your annual report.

How will the annual report reach your audience?

Do you know the most effective distribution or communication channel for sending your annual report to your audience? While it is a standard practice to publish your annual report online and to send via email it is worth considering other channels like having hard copies of the report delivered to your audience by mail services using courier or regular post. Postcard notification with link to the online version is also another means.

What data should be gathered and included in an annual report?

Consider gathering data that includes the following:

- 3 major achievements for each of your activities in the year. Gather success stories from staff and volunteers involved directly.
- Did your staff or volunteers grow, if yes mention and show their impact.
- If you organised events, how many people attended your event?
- Number of people that benefited from your services. For example, if you provide support to widows, how many were supported in the year? If you train young people, how many were

trained? How many were male and female?
What is their age?

- Profile of your beneficiaries
- Which parts of the state or country did your beneficiaries come from? What is their number per area, local government, senatorial district, region etc.
- If you are a membership based organisation how many members do you have? Is your membership growing? What is their geographical spread?
- If you have a social media page, you may want to tell your audience how many followers you have, impressions and engagements made in the year.
- How many people visited your website, how many page views? (if you have one)
- Number of times publications were downloaded on your website
- Number of organisations or individuals receiving your newsletter (if you publish one)
- How much did you raise from your friends, family, donors, etc to organise or carry out your activities in the year?
- What is your annual budget, income and expenditure for the year?
- Sources of funding: individual donor, grants, consultancies, government, corporate sponsorship etc.
- Case studies where applicable.
- Pictures

What will be the content of your annual report?

We recommend including the following contents amongst others:

- Message from the Board Chair, Founder or President
- Executive Director's message
- List of board members including Executive Director's name and affiliations
- Vision and mission, history or timeline series.
- Programmes or projects implemented in the year- Analysis of data captured will assist in

developing quick highlights and results.

- Major accomplishments in the year—usually highlighted through stories or case studies
- Awards, grants, donations and in-kind support received.
- Financial statement (audited accounts or income and expenditure accounts)
- Acknowledgement of major supporters, donors, corporate sponsors etc.

In what format will the report be produced?

Will the report be printed in hard copies or only made available online? This is subject to your budget. The following formats may be considered:

- Digital or online
- Printed piece
- Or a combination of both digital and print piece
- Video
- Infographics
- Or a combination of all.

Whatever design is chosen, please bear in mind that a digital or online version is important and must be publicly available on your website or social media page for ease of reference and accessibility by your audience.

What is your budget?

Typically costs associated with an annual report will be incurred during the graphics design stage and distribution phase. Other activities require in most cases staff or volunteer time. Your budget will include the following:

- Graphics designer fee
- Printing services
- Photograph staging (if you do not have print ready photographs) or purchase of stock pictures
- Editorial fees (if you want your report to be edited, spelt checked and proof read by a professional)
- Distribution: courier/postage

Remember to:

- Emphasise your impact and include highlights rather than an exhaustive list
- Keep it simple and verifiable
- Play with numbers
- Include pictures and graphics as this will keep your readers engaged
- Spell check and proofread
- Ensure messages and letters from the organisation's leaders reflect why the organisation is successful including highlighting growth and future projections.
- Start creating the annual report immediately once your yearly financial audit has been commissioned in order to meet regulatory reporting deadlines.
- Focus on your financial information as this is one of the most important data to be captured by an annual report.

7.3 Financial Reporting

Nonprofits have an ongoing obligation to report to the Corporate Affairs Commission (CAC) and the Federal Inland Revenue Services (FIRS) by submitting an annual financial report. Generally, all nonprofits must file their annual returns within six months from the end of their reporting period.

Good financial management and financial governance are at the core of nonprofit management. How accounting officers and the Board make use of financial reports is critical in delivering value for money and in maximizing the stewardship of organisational resources. For a financial report to be deemed to be good, it needs to be of sufficient quality and up to date.

Your nonprofit's financial report helps you manage your organisation well by telling your stakeholders how you have spent the money you received, it can also help you attract money from other organisations

or people who are interested in your activities. It helps regulators to see how what you have spent supports your work and the resources available to you at the end of your financial year.

Nonprofits report their income and expenditure on the basis of when the activity happens, rather than when you receive and spend the cash. The income and expenditure basis is called accruals based accounting. The accrual accounts requires a

1. A Statement of Affairs which describes all of your sources of income and expenditure.
2. A balance sheet which tells readers what cash you have in the bank and what other assets and liabilities you have.

In addition, notes to the accounts should be given which explain in more detail how your income and expenditure are made up, and give extra information about particular assets and liabilities or particular payments.

The following key issues should be considered in preparing your organisation's annual financial report. Financial report must include:

- Income and expenditure and overall financial health
- Statement of financial health
- Notes required by Financial Reporting Council
- Comparative figures for the current and previous reporting period
- Disclosure on the nonprofit's significant accounting policies
- Has cash flow statements, depreciation methods for each class of property and assets
- Auditors report

To prepare an annual financial report, ensure that the following accounting compliance requirements are completed each month and filed properly.

Requirement	Date Prepared	Prepared		Comments
		Yes	No	
Payment Request				
Payment Vouchers/ Receipt of Payment				
Cash Book				
Bank Statement				
Bank Reconciliation				
Financial Report				
Time Sheets				

All of the above are documents (including contracts, project work plan, budgets etc.) are what the auditor will use in preparing your financial report.

Further reading and resources

Useful website addresses

Special Control Unit on Money Laundering: www.scuml.org

Corporate Affairs Commission: www.new.cac.gov.ng

Federal Inland Revenue Service: <https://www.firs.gov.ng>

Financial Reporting Council: <https://www.financialreportingcouncil.gov.ng>

Accountability Now: www.accountablenow.org

Capable Partners Program: www.NGOConnect.net

Civicus: www.civicus.org

Community Tool Box: <https://ctb.ku.edu/en>

About NNNGO

The Nigeria Network of NGOs (NNNGO) is the first generic membership body for civil society organizations in Nigeria that facilitates effective advocacy on issues of poverty and other developmental issues. Established in 1992, NNNGO represents over 2643 (as at 2nd Dec, 2019) organizations ranging from small groups working at the local level, to larger networks working at the national level.



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