

ACT – CIVIL SOCIETY ORGANISATION (CSO)

ORGANISATIONAL DEVELOPMENT (OD) INFORMATION SHEET

GOVERNANCE AND LEADERSHIP

The purpose of this ACT OD Information Sheet is to introduce CSOs to the importance of adopting accountable Governance and Leadership systems. Good governance in a CSO is the mainstay of its effectiveness and legitimacy. This guide is relevant to all CSOs, from those that are just emerging to those who have long-term experience in the world of development in Nigeria. In line with ACT's commitment to Human Rights and Gender and Social Inclusion (G&SI), it is hoped that CSOs will focus on inclusive governance.

All elements of the work of ACT with CSOs mainstreams G&SI and a Rights-based Approach (RBA) to strengthen the sustainability of the their work.

Why is Good Governance and Leadership in a CSO important?

Every institution needs good governance to function effectively, including CSOs. Governance is the way rules, norms and actions are structured, sustained, regulated and held accountable. Therefore, CSOs need good governance systems in place to ensure they are accountable, to enable them to grow in a systematic and values-driven way, and to ensure regulation and workable structures. The principles of good governance are based on accountability, transparency, responsibility, disclosure practices and solid organisational relationships among the Board members and CSO's staff and volunteers.

CSOs' Board membership can be a source of support or frustration. When they work well they can give a CSO energy and vision but, when the Board Members are not fully committed, they can create dilemmas for the CSO. By 'the Board' we mean a group of people usually known as: Board Members/Governors/Trustees or non-Exec Directors. In CSOs it is often known as the Board of Trustees. The membership should be carefully selected for their relevant skills, experience and commitment to the sector, and to focus on the need for diversity in terms of G&SI, to have oversight of the CSO's compliance (to Government regulations, due diligence and to the CSO's Mission, Values and Strategy) as a governing body.

What is good governance and leadership?

There are six guiding principles that will help CSOs to relate to the solid foundations of governance in their organisations. An effective Board will provide governance by:

- Understanding their roles and responsibilities
- Ensuring/overseeing delivery of the CSO's Goal/Purpose strategically
- Being effective as individuals and a team

- Exercising control, ensuring due diligence and compliance
- Behaving with integrity, including commitment to principles of G&SI (within the Board, the CSO and its programmes)
- Being open, accountable and committed

These principles are designed to be universal and applicable to CSOs and CS Networks, from emerging to mature. It is the practice and procedures which will vary according to the type and size of the CSO. Underlying each principle is the additional principle of **equality** – and ensuring diversity, and equity of treatment within the CSO for all its management, policies and project support at community level.

Why establish good governance?

It is advisable for CSOs (at all levels) to follow good governance practice:

- To ensure compliance with national and state regulations and requirements
- To strengthen their internal structure and leadership
- To provide oversight, transparency and accountability strategically
- To oversee due diligence processes
- To identify and monitor potential risks

In turn this will:

- Establish organisational legitimacy
- Avoid any potential crises

Effective Governance is not only guaranteed to help the CSO's organisational efficiency and effectiveness, it is increasingly a requirement of donors, so it is strongly recommended by ACT, that CSOs commit to good governance, transparency and accountability to be successful and legitimate contributors to Nigeria's development process.

Key Terms

Accountability is the voluntary responsibility on the part of a CSO to others who will be affected by its decisions. The precondition for accountability is the principle of transparency. For a CSO, being accountable means being in a position to demonstrate regularly that it is using available resources effectively and in line with its original objectives and not to use privileges deriving from its non-profit status for seeking personal interests. An accountable CSO should always be responsive to its members, beneficiaries and donors.

Transparency means decisions about expenditure and activities are taken and implemented in participative ways in line with rules and regulations, and those who will be affected by these decisions have access to concrete and comprehensive information about them.

Good governance describes a situation where a CSO has a leadership and management structure in charge of ensuring transparent planning, accountability and decision-making processes to realise the CSO's mission and objectives, which have been set collectively.

Who is on the CSO Board and what do they do?

(Composition and Oversight of the Board)

Try not to get worried about the roles and responsibilities of the Board of Trustees, it will all fit into place. With the right membership, Board Members should become a cohesive team with the leadership, that is approachable, keen to learn and able to provide support and guidance to the CSO to guide the organisational strategy, oversee compliance, uphold values, and act as good ambassadors for the CSO they govern. There is no perfect number of Trustees on a CSO's Board, this depends on the type of CSO, its size and its coverage. The number needs to be manageable, in terms of meeting arrangements and fulfilling the necessary responsibilities. Often a CSO's Constitution will define the ideal number, eg: *no*

less than 5, and no more than 10, on four-year cycle of office, renewable once if agreed by both sides. This decision will be taken during the establishment of the CSO when a Constitution is being developed.

In every case local knowledge, relevant skills and experience, and common sense should be applied – good Board members are more effective when their knowledge and experience is based on cultural norms, alongside an appropriate skill focus (eg: skills to be an effective Treasurer or Chair, experience within the sectoral area of the CSO, etc).

A governing body in a CSO should ensure that: policies and employees' conduct are lawful and in line with the CSO's Mission, this includes: making sure that all policies and legal documents are complied with; that potential risks are identified and monitored; that all employment, finances, services and procedures undertaken by the CSO are in compliance with relevant laws, and are in line with the CSO's organisational objectives and approved annual/operational plans. CSO Governance is provided by a diverse group of members (gender diversity and social inclusion is essential - reflecting society and the CSO's constituents).

The Board members should...

- Provide oversight to the Executive Director (ED) and Senior Management for organisational accountability, ensuring that all registration and Federal/State/Local Government Authority (LGA) legal requirements are met
- Keep the organisation true to its identity, vision and values and monitor actual progress against the CSO's Strategic Plan's Aims and Objectives
- Motivate staff, volunteers and members through exhibiting quality leadership
- Contribute to the impact of the work undertaken by the organisation, through regular engagement, support and encouragement
- Reassure stakeholders about the way the organisation is being run and providing clarity on the CSO's objectives to others, acting as an ally/ambassador
- Maintain and enhance wider public confidence in CSOs and the sector
- Invest in time and effort to strengthen the governance of CSOs
- Guard against misconduct, negligence and abuse in the performance of their duties.

What must the CSO's Board do to adhere to Legal compliance in Nigeria?

This is not intended as a definitive list but a guide available at the time of writing – as such, CSOs need to check the current relevance and requirements with appropriate authorities at State/ Federal level.

1. Registration with either CAC/Bureau of Cooperatives/by Act of Parliament/ designated State Government MDAs, depending on what is appropriate for a particular type of CSO
2. Filing of Annual Returns and/or Statement of Affairs, as required by the particular law/regulation (eg: CAMA) under which the CSO is registered
3. Registration for TIN and filing Annual Corporation Income Tax returns with the Federal Inland Revenue Service (and obtaining Tax Clearance certificate)
4. If employing salaried staff, deducting PAYE and making PAYE returns to Federal Inland Revenue Service
5. If employing the services of contractors (eg: consultants) deduct with-holding tax at source and remit same to the Federal Inland Revenue Service
6. If the CSO's turnover in any given year is above 25 million Naira (per Finance Act 2019), register for VAT and make monthly returns to Federal Inland Revenue Service
7. Unless exempted by law, prepare and submit Audited Accounts and Annual Reports as Annexure to the Annual Returns filed with the relevant regulatory agencies (CAC, FIRS, etc)

8. Register with SCUML and file returns at required intervals
9. Registration with PENCOM, if the CSO's staff strength reaches the stipulated threshold
10. Registration and filing with the Nigeria Social Insurance Trust Fund/National Housing Fund/National Health Fund/Industrial Training Fund 1
11. It is necessary to have a Child Protection Policy – clearly displayed in the CSO
12. Be aware of the CAMA² 2020 requirements – as noncompliance can lead to penalties
13. Trustees and members of the governing council of organisations registered under Part F of the CAMA 2020 are not to hold salaried position and should avoid doing so
14. There is also a recognition that CSO Networks and Platforms should support their Members to comply with registration regulations
15. Ensure that the contents of the organisation's governing document (constitution, articles of association, etc.) comply with the provisions of the relevant laws

(In addition, it is recommended that the CSOs ensure that they also comply with other national, State and LGA laws/requirements.)

The roles and responsibilities of the Board Chair and the CSO's Executive Director?

Board of Governors - Chair (Non-executive Directors/Trustees as provided under the Articles of Association) (Non-operational)	CSO - Executive Director (an ex-officio Board member as provided under the Articles of Association) (Operational)
<ul style="list-style-type: none"> ▪ Provides leadership and governance of the Board so as to create the conditions for Board's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner 	<ul style="list-style-type: none"> ▪ Leads the management in the day-to-day running of the CSO/CS Network in accordance with the strategic and operational plans and within the budgets approved by the Board
<ul style="list-style-type: none"> ▪ Promotes effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Board members and the CSO's management 	<ul style="list-style-type: none"> ▪ Leads the management to ensure effective working relationships with the Chair and the Board members by meeting or communicating with the Chair on a regular basis to review key developments, issues, opportunities and concerns
<ul style="list-style-type: none"> ▪ Ensures that the strategies and policies agreed by the Board are effectively implemented by the CSO management 	<ul style="list-style-type: none"> ▪ Develops and proposes the CSO's strategies, plans, budgets and policies for the Board's consideration ▪ Implements, with the support of the management, the strategies and policies as approved by the Board and its committees in pursuit of the CSO's objectives
<ul style="list-style-type: none"> ▪ Sets, in consultation with the ED, the Board meeting schedule and agenda to take full account of the important issues facing the CSO and the concerns of all Board members and ensures that adequate time is available for thorough discussion of critical and strategic issues 	<ul style="list-style-type: none"> ▪ Maintains regular dialogue with the Chair on important and strategic issues facing the CSO, and ensures bringing these issues to the Board's attention
<ul style="list-style-type: none"> ▪ Ensures that the Board members are properly briefed on issues arising at Board meetings and receive, in a timely manner, adequate information which must be accurate, clear, 	<ul style="list-style-type: none"> ▪ Ensures that the management gives appropriate priority to providing reports to the Board which contain relevant, accurate, timely and clear

complete and reliable, to fulfil its duties, such as reports on the CSO's performance, the issues, challenges and opportunities facing the CSO, and matters reserved for it to make decisions	information necessary for the Board to fulfil its duties
<ul style="list-style-type: none"> ▪ Arranges informal meetings of the Board members at least annually, including meetings of the Trustees at which the ED is not present, and ensures that sufficient time and consideration is given to complex, contentious or sensitive issues 	<ul style="list-style-type: none"> ▪ Ensures that the Board, especially the Chair, is alerted to forthcoming complex, contentious or sensitive issues affecting the CSO
<ul style="list-style-type: none"> ▪ Establishes good governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the CSO and at Board level 	<ul style="list-style-type: none"> ▪ Conducts the affairs of the CSO in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity and corporate governance within the CSO

The **main point here** is that there should be a clear understanding of the appropriate roles for each set of 'non-operational' and 'operational actors'. There needs to be regular dialogue - where it is felt that Board members might be too involved when it is not their role, or not involved enough when it is their role – or where collaboration and advice is required.

How to manage the Board

Here we are referring to several aspects of managing the Board:

- a. Ensuring the right mix of perspectives, skills, experience and diversity in terms of G&SI are on the Board
- b. Investing in Board development
- c. Ensuring continuous learning and reflection, with Board members

There are other aspects of Board management which focus more on its structure, practical functions and ways of working.

The working relationship between the Board and the ED/Senior staff

This is a critical relationship and when it works well the CSO can benefit hugely. Building an effective working relationship and mutual respect can be helped by:

- The roles of both ED/CEO and Chair are clear, and any grey areas are openly discussed and addressed.
- The line of accountability of the ED/CEO to the Chair is clear, agreed and there is a regular process of support and supervision.
- A yearly appraisal of the ED/CEO should be led by the Chair
- The Chair should not micro-manage the ED/CEO

Common challenges faced by CSOs, regarding Governance:

- An over-dependence on some Board members can lead to a lack of fresh thinking and new perspectives at Board level
- A strong and committed Board - but they are too busy to meet regularly
- Limited understanding of the skills, experience required by Board members, or of their governance roles and responsibilities
- The need to 'professionalise' the Board – to facilitate effective management of its workload and enable it to operate at the strategic level
- Board membership is a voluntary role – this can make them feel detached from the CEO or staff

- The Board wants to be too involved at operational level, rather than focusing on monitoring the strategic level (this can be linked to a lack of resources and staff, and may mean that the Board members themselves act as ‘volunteer experts’ rather than in their governance role)
- Dealing with the dynamics of the Board members can be time-consuming, managing strong personalities to build a strong team
- Ensuring that the Board is ‘self-critical’ – they need to regularly reflect on their own practice
- ‘Friends and contacts’ of the ED act as Board members, but do not always have the skills or diverse perspectives required to act as a Governing body and aren’t able to hold the CSO accountable to its vision and mission

Call to action: Practical Tips for the CSO

- Lack of diversity is often a problem in Boards – if possible try to ensure that there is representation and perspective; there are relevant skills and experience and it reflects diversity, eg: gender, disability, age, ethnicity, etc – as in the community groups supported by the CSO. It is well documented that diverse groups make better decisions.
- Consider recruiting Board members formally, and not depending on those from the CSO’s own networks which can perpetuate the lack of diversity and experience. This can also lead to lack of legitimacy and transparency.
- Make sure the Board members and Management roles and responsibilities are clear to all.
- If there are skills gaps – consider key functional areas required by the CSO (eg: financial expertise to ensure due diligence processes are in place, good financial management and audit oversight and access to advice on compliance issues). A poorly skilled Board can bring a good CSO down.
- Ensure that there are sufficient Board members with an understanding of the vision, having a commitment to the sectoral work of the CSO and understand the role of democratic governance.
- The Board should be encouraged to carry out a simple self-evaluation of their performance and discuss the results, and areas they can improve on, openly with each other.
- Be open to learn from other CSOs/peer-to-peer learning – identify some similar-sized CSOs with effective Boards and ask them about their experience, seek out tips and good practice examples; build on best practice. Don’t reinvent the wheel – ask to see templates of useful documents such as CSO Governance Procedures – and Policies, eg: codes of conduct; conflict of interest policy, etc (a simple copy and paste is discouraged, but others can be used as a guide).
- Invest in quality time together. Don’t just rely on the regular Board meetings as sufficient to form an effective leadership team – they always have crammed agendas and people often feel under pressure. If possible, the CSO should hold an annual away day for the Board and senior staff to go deeper into key issues and to get to know each other better – invite the Board members to celebrate the CSO’s achievements with staff and volunteers.
- Bring it all to life! Don’t forget that enthusiastic and motivated Board members can do a lot to promote the CSO’s values and mission externally (and influence donors), but they need to get a feeling for what it is that the CSO is achieving in ways which speak to them beyond the rather dry and formal Board reports.

For further support for CSO capacity development: The ACT Toolkit provides references, tools and a glossary, available on this link: [Governance and Leadership](#).

References/Further sources of information

[https://www2.fundsforngos.org/featured/460/Good Governance and Self-Regulatory Models for Civil Society](https://www2.fundsforngos.org/featured/460/Good-Governance-and-Self-Regulatory-Models-for-Civil-Society): <https://www.activecitizensfund.lv/storage/documents/good-governance-and-self-regulation-models-for-civil-society-organizations.pdf>

<https://www.intrac.org> K4D: What is Civil Society, its role and value in 2018

https://assets.publishing.service.gov.uk/media/5c6c2e74e5274a72bc45240e/488_What_is_Civil_Society.pdf

Find out more

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