

The Nigerian Bar Association (NBA)

Finance Function Diagnostic Report

November 2018

Strictly private and confidential



Caveat

This Diagnostic Report has been prepared for and only for the Nigerian Bar Association (NBA) in accordance with the terms of our engagement letter dated 4 October 2018. This report is not to be used for any other purpose or distributed to any other party. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this document is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The report is based on information provided by NBA and interviews conducted with the staff of NBA. This report contains information confidential to NBA and/or PricewaterhouseCoopers (PwC).



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Dear Sir,

PROVISION OF FINANCE FUNCTION REVIEW SERVICES

Thank you for the opportunity to provide the Nigerian Bar Association (NBA) with Finance Function Review Services. Our report presents detailed findings of our review of the NBA's finance function based on our understanding of the organization and global benchmarks for operational efficiency and excellence. We assessed the NBA's finance function using PwC's finance effectiveness framework and highlighted recommendations to the NBA for addressing the gaps and inefficiencies identified.

Should you require further information or wish to discuss any aspect of this document, kindly reach out to the above listed contacts.

We look forward to working with you to ensure that the NBA achieves its strategic intent.

Yours faithfully

for: PricewaterhouseCoopers

Cyril Azobu
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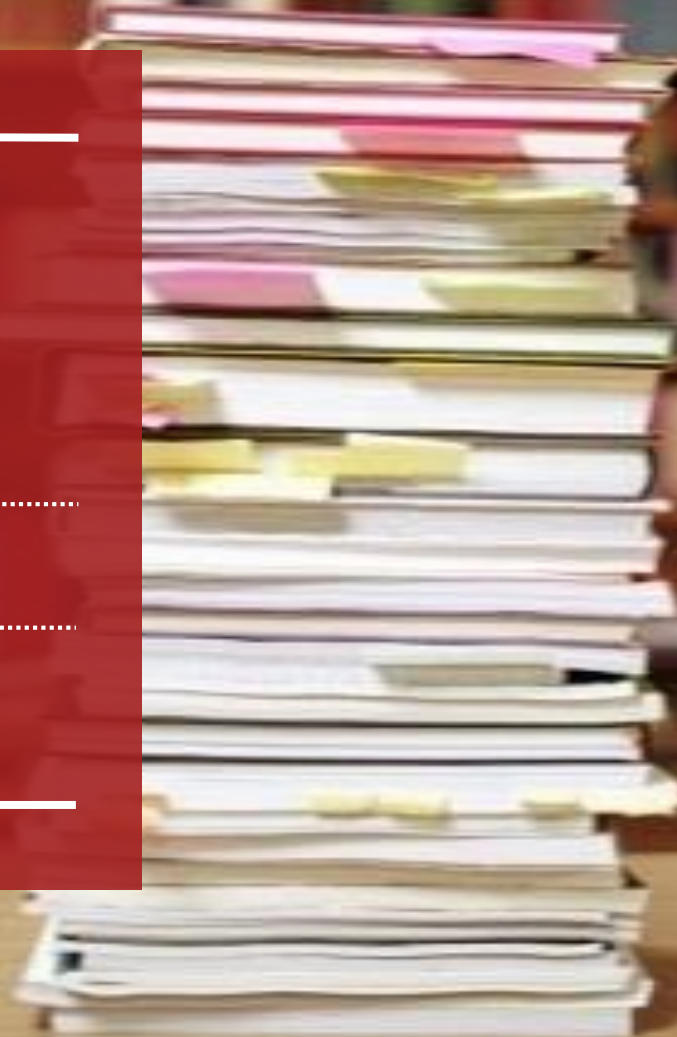
Executive Summary

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Executive Summary

Project scope and PwC's approach ...

Background

The NBA seeks to strengthen its finance governance structures and operate a financially accountable and transparent Administration. As a first step in this journey towards financial probity, PwC was engaged to assess the effectiveness of the NBA's finance function as well as the adequacy of its finance operating model to support the NBA's operations.

This diagnostic report details our findings in this regard, but more importantly, it articulates our recommendations to the NBA for addressing the gaps and inefficiencies identified.

Approach

Desk Reviews

We reviewed relevant and available documents on the NBA's finance function to gain insight into current finance operations and processes

1

Interviews and Walkthroughs

We conducted interviews with key NBA staff and carried out walkthrough tests on the NBA's finance procedures to gain an in-depth understanding of its current working practices and identify critical issues impacting them

2

Business Analysis

We analysed all the information gathered from the interviews and documents obtained;

We benchmarked current practices against finance function best practices to identify gaps and areas of weakness

3

Reporting

We articulated performance issues, highlighting the implications of the issues;

We have proposed recommendations, which have been documented in this report

4

Our methodology ...

Finance Function Areas

The assessment was conducted using PwC's Finance Effectiveness framework and covered the following diagnostic areas:

1. Enablers

- Finance Organisation (including operating model, structure and processes)
- Finance People
- Finance Technology

2. Transactional Efficiency

- Purchase-to-Pay (P2P)
- Order-to-Cash (O2C)
- General Accounting & Financial Reporting

3. Compliance and Control

- Risk Management & Internal Control
- Treasury Function Effectiveness
- Tax Function Effectiveness

4. Business Insight

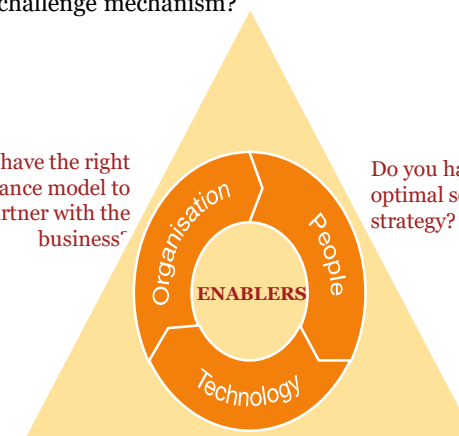
- Financial Planning & Budgeting
- Management Reporting & Business Analysis

Business Insight

How do you align with the business to provide an effective performance management and challenge mechanism?

Do you have the right governance model to partner with the business?

Do you have the optimal sourcing strategy?



Compliance & Control

How well do you leverage technology?

How do you ensure that you have the appropriate balance of robust controls without constraining the business?

Transactional Efficiency

What initiatives could you undertake to improve the efficiency and effectiveness of finance function processes?

PwC Finance Effectiveness Framework

The core dimensions of our methodology ...

ENABLERS

Finance Organisation

Strategic finance alignment and the operating model deployed to deliver Finance activities including governance structure and processes

Finance People

The human capital of the finance function, the skills and capacity they bring to bear and the investment of an organisation in their development

Finance Technology

The systems architecture and the support they provide for finance operations

COMPLIANCE & CONTROL

Risk Management & Internal Control

Framework for risk identification, assessment, control and monitoring to achieve sustainable growth

Treasury Function Effectiveness

Effective management of cash resources and banking arrangements within the business

Tax Function Effectiveness

Tax function structured to increase transparency of tax settlements and add value to the business

TRANSACTIONAL EFFICIENCY

Purchase-to-Pay (P2P)

Automated and tightly linked purchase-to-pay process aimed at reducing invoice processing errors and improving supplier relationships

Order-to-Cash (O2C)

Effective order-to-cash process aimed at managing customer relationships and minimising credit risk

General Accounting & Financial Reporting

Standardised finance & accounting processes to ensure seamless financial reporting and support strategic decision-making

BUSINESS INSIGHT

Financial Planning & Budgeting

Effective financial planning, budgeting and forecasting linked to corporate strategy

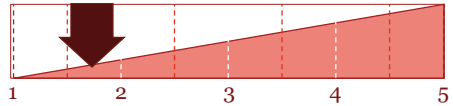
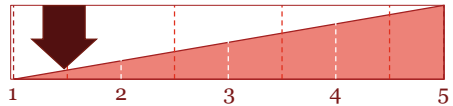
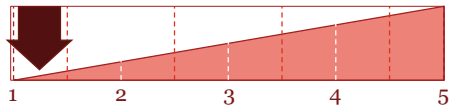
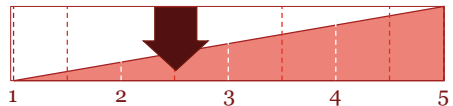
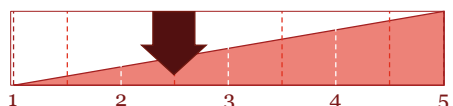
Management Reporting & Business Analysis

Robust analysis and comprehensive reporting of management information for effective decision-making

Summary of findings (1 of 2) ...

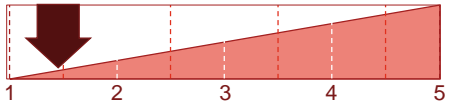
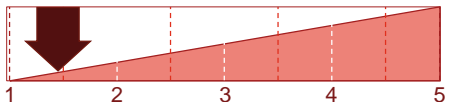
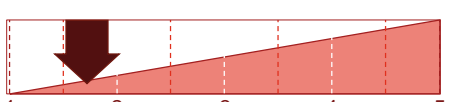
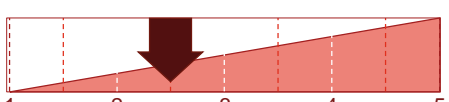
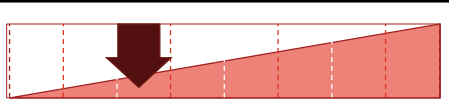
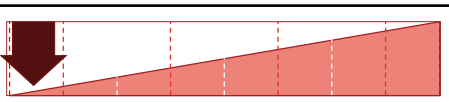
Our assessment revealed that the NBA's finance function is immature with a structure that does not include responsibility for key Finance roles; the absence of documented standard finance processes; manual processing of transactions; poor financial control and reporting. These inefficiencies expose the Association to a range of risks and therefore require immediate attention.

Below is a summary of our diagnostic findings. Detailed findings are reported in subsequent sections.

AREA	DIAGNOSTIC SCORE*	COMMENTARY
1. Finance Organisation		The finance function vision, roles and responsibilities are not clearly articulated; Finance structure not fully aligned to the business with key functions missing; No documented processes
2. Finance People		The finance function is under-staffed with only 2 personnel who do not appear to have the requisite skill levels; Lack of formal objective setting and review of Finance staff performance
3. Finance Technology		Finance transactions are manually processed with a heavy reliance on spread-sheets which is time consuming and prone to errors; No accounting software in place so no "one version of the truth"
4. Purchase-to-Pay		Purchase orders (POs) are not used; 3-way matching of PO, Goods Received Note and Invoice is not done; performance of vendors against purchase agreement is not formally tracked
5. Order-to-Cash		No end-to-end process ownership for order-to-cash; No coordination between revenue stream drivers and payment received

* 1 = Not present 2 = Weak 3 = Needs strengthening 4 = Acceptable 5 = Good

Summary of findings (2 of 2) ...

AREA	DIAGNOSTIC SCORE*	COMMENTARY
6. General Accounting & Financial Reporting		Significant errors in posting and financial reporting, no formal review of financial data integrity; no chart of accounts or general ledger; and non-compliance with international standards (IFRS)
7. Risk Management & Internal Control		Poor quality of external audit with cash balance understated by circa NGN121million in audited FS; no dedicated internal control/audit function with clearly defined ownership of controls
8. Treasury Function Effectiveness		No policy guiding the effective management of working capital including debtor days, creditor days and investment of surplus cash where available; limited visibility and control over cash
9. Tax Function Effectiveness		Non-remittance of transactional taxes (VAT and WHT) and discrepancies between PAYE deducted and remitted
10. Financial Planning & Budgeting		No policy guiding preparation of budgets and monitoring of performance against targets; Departments and budget-holders not involved in budget preparation
11. Management Reporting & Business Analysis		Management reports and performance analysis are not prepared; the bulk of Finance time is spent processing transactions rather than on providing decision support

* 1 = Not present 2 = Weak 3 = Needs strengthening 4 = Acceptable 5 = Good

Key interventions (1 of 2) ...

We have identified a number of improvement initiatives and we recommend that the NBA implements them without delay to mitigate risk and capture value both within its finance function and the Association as a whole.

These initiatives are further split into **quick wins** - which can be implemented in less than 4 weeks; **medium-term initiative** – which can be implemented in 4 to 8 weeks; and **long-term initiatives** – which can take longer than 8 weeks to implement.

S/N	Finance Area	Intervention
QUICK WINS		
1.	Finance People	<ul style="list-style-type: none"> • Redeploy current finance staff to other roles more suited to their skill set • Recruit competent finance staff with clear roles, responsibilities and job descriptions
2.	Risk Management & Internal Control	<ul style="list-style-type: none"> • Consider appointing a reputable audit firm to perform the external audit of the NBA's financials in subsequent years
3.	Treasury Function Effectiveness	<ul style="list-style-type: none"> • Develop policy to guide petty cash management including establishing an appropriate float amount; frequency of replenishment; types/categories of petty cash expenses; and other controls
4.	Financial Planning & Budgeting	<ul style="list-style-type: none"> • Develop templates for budget preparation and monitoring
5.	Management Reporting & Business Analysis	<ul style="list-style-type: none"> • Outsource finance function to competent consultant to provide interim cover, with a mandate to prepare quarterly management accounts

Key interventions (2 of 2) ...

S/N	Finance Area	Intervention
MEDIUM-TERM INITIATIVES		
6.	Finance Organisation	<ul style="list-style-type: none"> Develop and document Finance standard policy and procedures manuals that will cover budgeting, treasury management and other key Finance areas
7.	Financial Planning & Budgeting	<ul style="list-style-type: none"> Prepare 2018/19 annual budget using developed templates and engaging all relevant budget-holders and stakeholders
LONG-TERM INITIATIVES		
8.	Finance Organisation	<ul style="list-style-type: none"> Design an optimal finance function structure aligned to the business with specific responsibility for finance roles including internal audit/control, treasury management and management reporting
9.	Finance People	<ul style="list-style-type: none"> Develop a competency framework to guide performance appraisal, capacity building and career development of Finance staff
10.	Finance Technology	<ul style="list-style-type: none"> Select and implement a suitable accounting or enterprise resource planning system to support the Finance and other business operations of the NBA



Next Steps

Next steps ...

S/N	ACTIVITY	STATUS	RESPONSIBILITY
1	Share draft Diagnostic Report with NBA	Completed	PwC
2	Obtain NBA comments on draft Diagnostic Report	Completed	NBA/PwC
3	Update and submit final Diagnostic Report to NBA	Completed	PwC
4	Review and approve improvement initiatives	Not started	NBA
5	Engage PwC to support with implementation of approved improvement initiatives	Not started	NBA
6	Implement approved improvement initiatives	Not started	NBA/PwC



Appendix

Detailed findings – Enablers (1 of 4)

Findings	Implication for the NBA	Improvement Opportunities
FINANCE ORGANISATION		
<ul style="list-style-type: none"> The Finance organisation structure does not include responsibility for key Finance functions such as internal audit/control and treasury management 	<ul style="list-style-type: none"> The Finance function may not be fully aligned to the operations of the NBA and the requirements of its internal and external stakeholder, and it may therefore not be well-positioned to deliver timely and insightful business intelligence required to improve business performance 	<ul style="list-style-type: none"> Design and implement a service delivery (operating) model for the Finance function that includes a structure that is best suited to support the needs of the NBA and its stakeholders
<ul style="list-style-type: none"> Finance & Accounting policies and procedures are not documented 	<ul style="list-style-type: none"> New team members may not be properly guided on approved standard Finance processes, and as a result, inefficiencies and inconsistencies in the end-to-end Finance processes may arise 	<ul style="list-style-type: none"> Develop and document standard policy and procedures manuals for Finance operations that will cover budgeting, treasury management and other key Finance areas

Detailed findings – Enablers (2 of 4)

Findings	Implication for the NBA	Improvement Opportunities
FINANCE PEOPLE		
<ul style="list-style-type: none"> The Finance function is under-staffed with only 2 personnel and in addition, we identified significant gaps in their skill set which raises concerns on their ability to suitably manage the roles 	<ul style="list-style-type: none"> The workload may become too much for the current team to handle specifically with respect to the volume and competency/technical requirements of the tasks, and this may result in poor quality of delivery or non- performance all together, some of which was observed 	<ul style="list-style-type: none"> Conduct a skills assessment for the current Finance staff to identify other areas within the NBA where their skill sets and experience (of the NBA) could potentially be better utilised; Recruit suitably qualified and competent Finance staff in line with the newly designed structure; In the interim, pending the conclusion of the recruitment process, consider the engagement of a reputable and competent consultant to provide interim Finance cover
<ul style="list-style-type: none"> The roles, responsibilities and job descriptions within Finance are not clearly defined and documented 	<ul style="list-style-type: none"> Finance staff may be unclear about the expectations of their roles. This may lead to duplication of tasks/duties and reporting lines may be unclear resulting in inconsistencies across Finance operations and performance 	<ul style="list-style-type: none"> Design and implement a Finance competency framework that includes clear job descriptions, purpose, reporting lines, requirements (i.e. qualifications, experience and person specifications) and expectations (i.e. deliverables and KPIs) for each Finance role

Detailed findings – Enablers (3 of 4)

Findings	Implication for the NBA	Improvement Opportunities
FINANCE PEOPLE		
<ul style="list-style-type: none"> There is no formal performance management or appraisal system in place at the NBA for Finance staff 	<ul style="list-style-type: none"> Finance staff may not be motivated to deliver on their responsibilities and the expectations of their roles; In addition, poor and sub-optimal performance on the part of the individual Finance staff and the Finance function, are very likely to go unidentified and therefore unresolved for a long time due to the absence of performance accountability 	<ul style="list-style-type: none"> Design and implement a structured, objective and robust performance management framework that aligns the performance of Finance staff and the Finance function to the strategic objectives of the NBA through the use of: <ul style="list-style-type: none"> <i>SMART objectives and performance targets</i> <i>Performance metrics and KPIs linked to training/development, reward and career development</i> <i>Regular performance appraisals and feedback (at least every 6 months)</i>
<ul style="list-style-type: none"> There is no formal training programme in place for Finance staff 	<ul style="list-style-type: none"> Continuous training serves to equip Finance staff with up-to-date skills required to meet expected performance levels and also motivate them 	<ul style="list-style-type: none"> Develop and implement a structured training programme for Finance staff based on identified training needs and relevant professional/regulatory updates

Detailed findings – Enablers (4 of 4)

Findings	Implication for the NBA	Improvement Opportunities
FINANCE TECHNOLOGY		
<ul style="list-style-type: none"> Most Finance processes are carried out manually with a heavy reliance on the use of Ms Excel spreadsheets and hard copy records. There is no accounting software or ERP system in place to support Finance processes and operations 	<ul style="list-style-type: none"> Manual processing of Finance transactions is not efficient as: <ul style="list-style-type: none"> <i>It is time-consuming and therefore doesn't free up time for Finance staff to act in more strategic roles and provide better support in corporate decision making</i> <i>It is tedious, prone to errors and may result in inconsistent information</i> 	<ul style="list-style-type: none"> Select and implement a suitable accounting software or ERP system to automate and support the Finance and other business operations of the NBA; <p>This will involve identifying and articulating the desired functionalities/system requirements; selecting a software vendor and service provider with the capability to match the specified requirements; deploying the selected software and training Finance staff on its use</p>
<ul style="list-style-type: none"> There is no back-up policy or procedure for the NBA's financial data and currently this information is stored only on the Accountant's local hard drive 	<ul style="list-style-type: none"> There is an exposure of the NBA to disruptions in business operations and loss of financial data which may be caused by system failure/crash 	<ul style="list-style-type: none"> Design and implement a back-up policy to guide data storage/recovery and ensure business continuity

Detailed findings – Transactional Efficiency (1 of 2)

Findings	Implication for the NBA	Improvement Opportunities
PURCHASE-TO-PAY (P2P)		
<ul style="list-style-type: none"> Purchase orders (POs) and Goods Received Notes (GRNs) are not currently being used at the NBA in the procurement process 	<ul style="list-style-type: none"> The absence of a 3-way matching system of PO, GRN and invoice may result in insufficient segregation of duties in the procurement process and unauthorised expenditure 	<ul style="list-style-type: none"> Design and implement a 3-way matching system for the procurement process. This could be paper-based but will be more efficient if automated i.e. supported by technology
<ul style="list-style-type: none"> Though a set of vendors are frequently used, there is currently no consolidated vendor database and no system that formally tracks and monitors vendor performance against purchase agreements and service level agreements 	<ul style="list-style-type: none"> Poor management of vendors could result in cost inefficiencies as the NBA could potentially be losing out on more favourable offers and performance levels from other vendors 	<ul style="list-style-type: none"> Design and maintain a consolidated vendor database with single ownership; Also develop and implement a system for monitoring vendor performance and consider factoring their evaluations into their settlements
ORDER-TO-CASH (O2C)		
<ul style="list-style-type: none"> There is no end-to-end process ownership for the order-to-cash process and also no coordination between revenue stream drivers and payment received 	<ul style="list-style-type: none"> Potential revenue loss could result if revenue drivers are not properly planned and monitored against actual receipts to allow variances to be investigated and addressed 	<ul style="list-style-type: none"> Within the newly designed Finance structure, assign responsibility for coordinating ordering, billing and collections from the various sources within Finance (Accounts Receivables), preferably supported by technology

Detailed findings – Transactional Efficiency (2 of 2)

Findings	Implication for the NBA	Improvement Opportunities
GENERAL ACCOUNTING & FINANCIAL REPORTING		
<ul style="list-style-type: none"> The Finance function does not have a single general ledger and standard chart of accounts which are fundamental to the financial reporting process; Poor accounting and book-keeping practices with instances observed in which individual payments of the same class made to various vendors on different days are posted as one entry in the cashbook 	<ul style="list-style-type: none"> This resulted in errors in the posting and classification of transactions which was observed Inability to unbundle transactions limits the analysis that can be carried out on such transactions and also on the quality of insight that can be derived for business decision making 	<ul style="list-style-type: none"> Develop and adopt a standard chart of accounts and single ledger system to support the proper accounting of transactions into the appropriate ledgers and levels that will aid reporting and analysis
<ul style="list-style-type: none"> The audited financial statements as at 31 Jul 2018 are not in complete compliance with international financial reporting standards (IFRS); one instance observed was in the treatment of the MacArthur Foundation grant which was not in line with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance 	<ul style="list-style-type: none"> Compliance with IFRS ensures transparency and accountability of financial reporting and also supports the comparability of financial statements; Hence non-compliance of the NBA's FS with IFRS negatively impacts on the credibility of the FS, the level of reliance that stakeholders can place on the FS and the reputation of the NBA 	<ul style="list-style-type: none"> The Finance staff to be recruited in line with the newly designed structure, should have the requisite IFRS skills
<ul style="list-style-type: none"> There is no consolidated register of the NBA's fixed assets which form a significant proportion of its asset base and financial position 	<ul style="list-style-type: none"> There is limited visibility and control over the fixed assets of the NBA, therefore theft and misappropriation would be difficult to identify and prevent 	<ul style="list-style-type: none"> Commission a fixed asset verification assignment/project with a fixed asset register as the output which could be on Excel pending the implementation of a suitable software

Detailed findings – Compliance & Control (1 of 4)

Findings	Implication for the NBA	Improvement Opportunities
RISK MANAGEMENT & INTERNAL CONTROL		
<ul style="list-style-type: none"> No internal audit/control function with responsibility for implementing and improving controls; an example is the instance where bank account reconciliations - a key control over cash, are not performed regularly and accurately which result in discrepancies between bank statements and the cashbook 	<ul style="list-style-type: none"> The absence of an internal audit/control function may result in costly errors/irregularities; exposure of the NBA to the risk of management override of already weak/inadequate or non-existent controls; oversight of key risks that could adversely impact the NBA 	<ul style="list-style-type: none"> Establish and embed a strong control environment where variation from standard is not tolerated, which will provide reasonable assurance of the achievement of the NBA's financial and operational objectives by: <ul style="list-style-type: none"> <i>Setting up an internal audit/control function in line with the newly designed structure;</i> <i>Recruiting suitably qualified and competent internal auditor;</i> <i>Developing and implementing guiding internal audit/control policies and procedures</i> For greater independence, the internal audit/control function could be outsourced or co-sourced

Detailed findings – Compliance & Control (2 of 4)

Findings	Implication for the NBA	Improvement Opportunities
RISK MANAGEMENT & INTERNAL CONTROL		
<ul style="list-style-type: none"> • The current external auditor does not appear to have the requisite skills and capacity to manage the audit of an organisation such as NBA; this assessment is based on the following findings: <ul style="list-style-type: none"> – <i>the auditor was unable to provide the trial balance, transaction schedules and other explanatory information to support the FS audited;</i> – <i>The auditor did not circularise the NBA's banks to obtain an independent account of the NBA's cash position, which is basic and critical audit test;</i> – <i>Cash balances were incorrectly reported in the audited FS – there was a significant total understatement of circa NGN121m;</i> – <i>Casting error in the FS that resulted in NGN25m expenses unaccounted for;</i> – <i>The auditor did not issue a management letter to NBA management recommending improvements to its finance function controls and reporting process</i> 	<ul style="list-style-type: none"> • The external auditor did not act objectively or independently as he relied mostly on the information provided by the Accountant without attempting to independently verify the integrity of the financial statements; he failed to collect sufficient evidence to obtain and provide reasonable assurance that the FS was free of material misstatement; • The poor quality of the external audit therefore raises questions about the credibility of the NBA's FS, its preparers and auditors; • Reliance on the audited FS for evaluations and decision making purposes may be misleading; and this is likely to reduce the confidence that users of the FS can place on it, which may deter potential (local and international) donors and sponsors resulting in lost revenue, and may also limit access to funding at more favourable interest rates; • It also has the potential to negatively impact on the brand and reputation of the NBA 	<ul style="list-style-type: none"> • Consider appointing a reputable audit firm with sufficient and credible relevant experience to perform the external audit of the NBA's financials in subsequent years; • The newly appointed external auditors should work closely with the internal auditors, and should report directly to the National Executive Committee (NEC) of the NBA in line with best practice

Detailed findings – Compliance & Control (3 of 4)

Findings	Implication for the NBA	Improvement Opportunities
TREASURY FUNCTION EFFECTIVENESS		
<ul style="list-style-type: none"> The finance function does not have complete information on or track all the bank accounts used by the NBA e.g. the Institute of Continuing Legal Education (ICLE) bank account cannot be accessed by the finance function 	<ul style="list-style-type: none"> This limited visibility may result in incomplete reporting of financial transactions and cash position 	<ul style="list-style-type: none"> Identify the access limitations and liaise with the appropriate stakeholder levels to resolve them; access and report on all accounts
<ul style="list-style-type: none"> The NBA has a significant overdraft facility, however interest deducted on this facility by the bank is not tracked against the agreed terms 	<ul style="list-style-type: none"> There is the possibility that the bank charges deducted by the bank may be in excess of agreed terms; these potential overcharges may be unidentified 	<ul style="list-style-type: none"> An interest re-computation exercise should be carried out to validate interest charged and deducted by the bank; where excess charges are identified, engage the bank for recovery/refund; Subsequently, a reconciliation should be carried out on an ongoing basis to identify any such deviations going forward so they can be resolved timely
<ul style="list-style-type: none"> There are no documented treasury policies to guide investment, financing and working capital management activities and no cash flow planning and forecasting is carried out in relation to collections (inflows) and disbursements (outflows) 	<ul style="list-style-type: none"> Working capital may not be managed effectively which may result in liquidity issues for the NBA leaving it unable to meet its obligations as they fall due; also not investing surplus cash where available may result in loss of potential revenue 	<ul style="list-style-type: none"> Treasury Management policies and procedures should be clearly documented and implemented; The Finance staff to be recruited in line with the newly designed structure, should have the requisite treasury management skills

Detailed findings – Compliance & Control (4 of 4)

Findings	Implication for the NBA	Improvement Opportunities
TREASURY FUNCTION EFFECTIVENESS		
<ul style="list-style-type: none"> The guidelines and controls around petty cash management appear to be weak; an example is the instance where large cash withdrawals from the MacArthur Foundation project USD bank account which ought to have been converted and lodged into the project NGN bank account were instead kept in petty cash, contrary to the project's funds management procedure and even though the sums exceeded the petty cash limit 	<ul style="list-style-type: none"> Poor control over petty cash exposes the NBA to fraud, misappropriation of funds and potential financial losses 	<ul style="list-style-type: none"> Develop a policy to guide petty cash management including establishing an appropriate float amount; frequency of replenishment; types/categories of petty cash expenses; and other controls, checks and balances
TAX FUNCTION EFFECTIVENESS		
<ul style="list-style-type: none"> Transactional taxes include PAYE, WHT and VAT, however the NBA only remits PAYE; WHT and VAT are not currently remitted to the tax authorities; Some discrepancies were observed between the PAYE deducted and the amounts remitted for May, June and July 2018, though not material 	<ul style="list-style-type: none"> Non-remittance and incorrect remittance of transactional taxes exposes the NBA to penalties by the tax authorities 	<ul style="list-style-type: none"> The Finance staff to be recruited in line with the newly designed structure, should have the requisite tax management skills; In the interim, outsource finance function to a competent consultant and include filing and remittance of transactional taxes (PAYE, WHT and VAT) in their scope

Detailed findings – Business Insight (1 of 3)

Findings	Implication for the NBA	Improvement Opportunities
FINANCIAL PLANNING & BUDGETING		
<ul style="list-style-type: none">The NBA does not have a detailed financial planning process to support and monitor the achievement of its financial goals	<ul style="list-style-type: none">The absence of a robust and documented budgeting process may result in budgeting procedures carried out haphazardly, and sometimes not at all, which is not likely to add any significant value to the NBA's financial performance	<ul style="list-style-type: none">Establish a budget committee charged with the responsibility of overseeing the budgeting cycle;Develop and implement budget policies and procedures that clearly define guidelines for budgeting activities including roles, responsibilities, timelines and KPIs, from the budget preparation through monitoring, variance analysis and performance reporting

Detailed findings – Business Insight (2 of 3)

Findings	Implication for the NBA	Improvement Opportunities
FINANCIAL PLANNING & BUDGETING		
<ul style="list-style-type: none"> • There is a lack of continuity in financial management and significant delays in the preparation of annual budgets in each transitional financial year (FY) due to the following: <ul style="list-style-type: none"> – <i>Outgoing Administrations tend not to prepare a budget for the transitional FY even though they are in office up till one month into the transitional FY;</i> – <i>Incoming Administrations usually require time (at least a month or two) to prepare a budget for the transitional FY</i> • During this circa 3 months or more, the NBA runs without a budget to guide its financial operations • Case in point: Three months into the NBA's current (transitional) FY - 2018/19, which runs from 1 Aug 2018 to 31 Jul 2019, there is no budget for the FY that captures the NBA's strategic objectives and guides its financial transactions (income and expenditure) 	<ul style="list-style-type: none"> • With each change in NBA Administration, there is a significant amount of time (at least 3 months) within which no budget exists to guide the NBA's financial operations; this absence of a budget which is regularly monitored means that there isn't much visibility over the performance of the individual units, departments, programmes and the NBA as a whole; • Business decisions may be made without due consideration of financial implications and unauthorized transactions may go unnoticed; • Achievement against the NBA's strategy may be difficult to determine 	<ul style="list-style-type: none"> • A budget can take as long as a month or two to prepare therefore the NBA should consider revising its FY from 1 Aug – 31 Jul to say, 1 Jan – 31 Dec; not only will this align with the calendar year but more importantly, it will give each new Administration sufficient time to settle into their roles and prepare a robust budget for the subsequent FY, whilst operating a budget for the current FY which would have been prepared and passed on by the outgoing Administration; • Develop budget templates, engage all relevant budget-holders/stakeholders and prepare a budget for the period from 1 Jan 2019 to either 31 Jul 2019 or 31 Dec 2019, if the FY is changed

Detailed findings – Business Insight (3 of 3)

Findings	Implication for the NBA	Improvement Opportunities
MANAGEMENT REPORTING & BUSINESS ANALYSIS		
<ul style="list-style-type: none"> Management reports containing performance analysis of the entire NBA and its component parts are not currently prepared and presented on a regular basis to the management of NBA (The President and other National Officers) 	<ul style="list-style-type: none"> Significant performance issues arising and requiring attention may not be brought to management’s notice timely or at all 	<ul style="list-style-type: none"> Outsource the NBA’s finance function to a competent consultant to provide interim cover, with a mandate to prepare quarterly management reports that emphasize key areas of attention and include: <ul style="list-style-type: none"> <i>Financial and non-financial measures for a more balanced approach to performance management</i> <i>Dashboards to see the trends and relationships in financial information and streamline their presentation</i>
<ul style="list-style-type: none"> The finance function spends the bulk of its time on transaction-processing activities rather than on value-adding activities like providing management with business insight and decision support 	<ul style="list-style-type: none"> The time and effort spent on transaction processing does not free up time for Finance staff to act as true business partners and engage in more value-adding insight activities like identifying and advising on potential additional revenue sources 	<ul style="list-style-type: none"> Improve the efficiency of transaction processing through the standardization and automation of Finance processes Outsourcing consultant could also act as a business partner and provide needed business insight to the NBA management as part of their mandate



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