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THE PRESIDENCY

BUREAU OF PUBLIC SERVICE REFORMS

BPSR

HOW TO MANAGE AND REFORM AGENCIES AND PARASTATALS

Contents

Acronyms

ABC	Activity-Based Costing
BPSR	Bureau of Public Service Reform
CBA	Cost-Benefit Analysis
CCB	Code of Conduct Bureau
CMO	Career Management Office
CPI	Continuous Performance Improvement
CSF	Critical Success Factors
EFCC	Economic and Financial Crimes Commission
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FR	Financial Regulations
FRSC	Federal Road Safety Commission
GSO	General Services Office
HRM	Human Resource Management
HSCF	Head of the Civil Service of the Federation
ICPC	Independent Corrupt Practices and Other Related Offences Commission
ICT	Information Communications Technology
MDA	Ministries, Departments, and Agencies
MIS	Management Information Systems
MRSC	Ministerial Reform Steering Committee
NAFDAC	National Agency for Food and Drug Administration and Control
NASS	National Assembly
NCC	Nigerian Communications Commission
NDLEA	National Drug Law Enforcement Agency
NPHCDA	National Primary Healthcare Development Agency
NSPSR	National Strategy for Public Sector Reform
OHCSF	Office of the Head of the Civil Service of the Federation
OSGF	Office of the Secretary to the Government of the Federation
PCC	Public Complaints Commission
PMO	Project Management Office
RIU	Reform Implementation Unit
RMS	Reform Management Structure
RMT	Reform Management Team
SCR	Steering Committee on Reform
SERVICOM	Derived from ‘Service and Compact’
SGF	Secretary to the Government of the Federation
SMART	Specific, Measurable, Attributable, Realistic, Time-bound
SPARC	State Partnership for Accountability, Responsiveness, and Capability

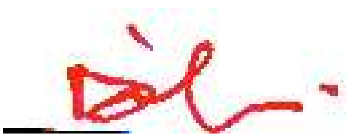
Foreword

Parastatals, Commissions and Agencies play a key role in the conduct of government business. While Ministries are responsible for policy development and supervision, they mainly rely on their agencies and parastatals to deliver services to citizens. Citizens have direct experience of their government through their interface with agencies and parastatals. This makes it imperative that they must function optimally, particularly given the amount of resources that they control and the autonomy that they have.

This useful guide for managing and reforming parastatals comes at an important time in our development as a nation. Government has long been concerned about the proliferation of parastatals, many without a clear vision, mission or mandate. While the Oronsaye Committee did important work in trying to restructure and rationalise federal government agencies and parastatals, that work focused primarily on reducing the cost of governance. That is of crucial importance. However, beyond cost reduction, there is a need for agencies and parastatals to be well managed and to deliver good service to citizens. That is where this guide comes in.

I am pleased to see very many examples of good practice from Nigerian parastatals in the guide, in addition to good practice from elsewhere. The self-assessment tool that complements the guide also means that agencies and parastatals can assess themselves against good practice, before being independently assessed. This should aid continuous improvement.

I congratulate the Bureau of Public Service Reforms, and its Director-General, Dr Joe Abah, for this worthwhile initiative and am pleased to recommend the guide to Ministries, Departments and Agencies of government.



Danladi I. Kifasi, CFR, MNI

Head of the Civil Service of the Federation

ACKNOWLEDGMENT

While top-level civil servants, such as Permanent Secretaries, grow through the system and acquire public service knowledge and experience over time, most chief executives of government parastatals and agencies are appointed from outside the public service. This means that they arrive with limited knowledge and experience about the practical workings of the public service and the rules and regulations that order their conduct as chief executives in the public sector. At the same time, immediately upon assuming office, they also assume very grave responsibilities flowing from the Public Procurement Act, 2007, the Financial Regulations and the rules around managing human resources and dealing with Boards. Unfortunately, there is currently no process of induction for newly appointed chief executives of agencies and parastatals.

The aim of this document is therefore to provide practical guidance for chief executives of agencies and parastatals on such issues as Change Management, Clarifying Mandates, Corporate Strategy, Aligning Planning and Budgeting, Performance Management, Human Resource Management, Financial Management, Public Procurement and Corporate Governance. While seasoned public servants would be familiar with most of what is in it, I believe that those that are new to the public service will find it invaluable.

In compiling the guide, we have sought to distil good practice in the various subject areas from various parastatals and agencies. Beyond painting an ideal picture, we have sought to provide practical guidance about how some agencies have dealt with various challenges, so that other agencies can benefit from their experience. This, I believe, will be useful for chief executives that are desirous of reforming their agencies for optimal performance.

The guide is complemented by a Self Assessment Tool with which agencies and parastatals can assess themselves against local and international good practice. For a more rigorous assessment that includes a process of verification and validation, BPSR is available to facilitate the use of the assessment tool in individual agencies. There is additional guidance about the process in the document.

I am grateful for the support received from the DFID FEPAR programme, particularly Ben Arikpo, Sam Unom, Ann Condy, Michael Whitlow, Oshuwa Gbadebo-Smith, Dr Claire Howard and Moji Akpojiyovbi. I am also grateful to the World Bank, particularly for the support of Roland Lomme, Professor Isaac Obasi, Dr Chinedu Eze and Bimbola Ogunseitan. Nnenna Akajemeli of SERVICOM helped to validate the service delivery section and ensured that it was in sync with SERVICOM.

A number of exceptionally committed public servants have also contributed significantly to this work. We are particularly grateful to Ada Phil-Ugochukwu of PTAD, Aliyu E. Aliyu of BPP and Elizabeth Egharevba of NPC.

My own staff in BPSR should be proud of their contributions, particularly Yamusa Bin, Aloy Tsado, Dasuki Arabi, Dr Bakari Wadinga, Felicia Otti, Mr Ibrahim Ibn Aliu, Mr John Adeniran, Mr Felix Izenyi and Inyang Anyang.

I hope that the guide and self-assessment tool go some way to assist chief executives of agencies and parastatals in carrying out their arduous tasks. BPSR remains ready to assist agencies in any way possible.

Joe Abah, Ph.D.

Director-General

Section A

i. Introduction

Reform Context

The Nigerian public service is the engine for delivering public goods and services and is central to promoting social and economic growth. Public service institutions are critical in promoting sustainable and equitable social and economic growth. The administrative capacity of the public service is a key factor in effective implementation of government's policies and programmes. The public service sets the framework for economic and political interactions between the state and the citizen and within different parts of the state structure. The public service administration determines the decision-making structures that select policies and priorities; it allocates the resources (financial, physical, and human) to address these priorities; it develops the frameworks, structures, and processes through which priority services are delivered; and it applies the rules and processes that enable service delivery to be managed.

As a result, the development challenges faced by Nigeria – poverty of many citizens, unemployment, insecurity, and poor infrastructure – can all be largely attributed to weak performance of the public service. Dysfunctions in public service administration undermine development and service delivery efforts at all levels of government, as well as in the private sector.

Achievements thus far have not been deep enough to turn the public service into a well-performing institution, let alone a world-class public service. Consequently, the Federal Government is keen to improve its service delivery performance in a drive towards the achievement of National Vision 20:2020 in order to fulfil Nigeria's potential. The government is particularly keen on improving the performance of agencies and parastatals, as they are the service delivery agents of government.

The National Vision 20:2020 (NV20:2020) was developed in 2009. It constitutes an economic transformation blueprint for stimulating Nigeria's economic growth with the goal of positioning the country in the 20 leading economies in the world by 2020.

> *'...by 2020, Nigeria will have a large, strong diversified, sustainable and competitive economy that effectively harnesses the talents and energies of its people'.*

Developed with the active participation and input of a broad spectrum of Nigerians - including a large number of state and non-state stakeholders- NV20:2020 was a positive step and marked a revival of strategic planning.

The National Strategy for Public Sector Reform (NSPSR) aligns with NV20:2020 through a comprehensive common vision and a long-term agenda to guide the rebuilding and transformation of the federal public service. For the short- to medium-term, the NSPSR focused on the implementation of President Johnson's Transformation Agenda and on ensuring consistency in service delivery across the public service.[1]

There are many areas where significant changes have occurred since the NSPSR was developed. The President's Transformation Agenda has set out some new and refocused priorities. There are other areas of change created by successful reform implementation, including progress in and expansion of the roll-out of the Integrated Payroll and Payroll Information System in the Office of the Accountant General of the Federation, reforms in public financial management, a new policy

[1] National Strategy for Public Sector Reform, Federal Republic of Nigeria, p xii

for the agriculture sector, and the establishment of a Ministry of Lands, Housing, and Urban Development.

The reform themes continued with President Jonathan's Transformation Agenda for 2011 to 2015. The Transformation Agenda Final Report defines the goal of the reform exercise in these words:

> *'During 2011-2015, the policies and programmes directed at addressing governance will focus on the public service, security, law and order, the legislature, anti-corruption measures and institutions, the judiciary, economic coordination, and support for private investment... These will be addressed through the implementation of the recommendations ... in the areas of public service reforms, judicial reform, anti-corruption initiative, electoral reform, land use reform, fiscal management reforms, power sector reform, police reform, financial sector reform, infra-structural development reform, and information and communication technology (p. 51)...'*

At the time of finalising this manual, the Buhari Government is in its early post inaugural phase, and there are indications that parastatal reform will feature high on the agenda for improving governance. During the Government's early policy dialogue on implementing an Agenda for Change, the short-term recommendations from the panel on 'governance and improving efficiency in public service' included "changing mind-set from 'self-service' to 'public-service', taking immediate actions to improve public finance (including implementing zero-based budgeting), and improving governance accountability by investigating into strategic organizations and agencies like NNPC, and establishing a fair and transparent sanction system. In the medium to long term, priorities include implementing structural reform and creating a lean Government structure, developing and reviewing Government plan regularly, setting up robust performance management system, and establishing e-governance to drive efficiency."[2]

With its large population and reserves of natural resources, Nigeria has the potential to build a prosperous economy, significantly reduce poverty, and provide health, education, and infrastructure services to meet its population's needs. However, poor governance is rated as a key reason why Nigeria has not yet delivered on these goals. While the 2013 Mo Ibrahim Index of African Governance revealed that 94% of Africans, including Nigerians, live in a country that has experienced overall governance improvement since 2000, Nigeria's ranking has fallen by eight places. Nigeria scored 41st out of 52 countries. However, it is possible within a decade to achieve a more secure and prosperous Nigeria that is able to deliver services effectively to its citizens through improved administration.

Reform Context for Parastatals

Parastatals are government-owned organisations set up to fulfil particular mandates. They are largely bound by Public Service Rules issued by the Office of the Head of the Civil Service of the Federation. However, they are also autonomous bodies set up by statute and overseen by governing boards, which means they usually have greater freedom to recruit, promote, and discipline staff than the mainstream civil service and often are able to offer higher salaries. Many parastatals are agencies that operate as the implementation and service delivery arms of their supervising ministries. Other parastatals operate as special purpose organisations dedicated to a particular outcome under the auspices of the presidency.

[2] From Vision to Reality: Policy dialogue on the implementation of the Agenda for Change, Report of proceedings, Transcorp Hilton Hotel, 20-21 May 2015

Parastatals are important institutions because most Nigerians experience governance and service delivery directly through parastatals. For example, Nigerians receive the delivery of many health and education services (including the specialist hospitals and the Universal Basic Education Commission), rather than directly from the education and health ministries. Similarly, rather than interfacing directly with ministries, Nigerian businesses have extensive contact with, are obliged to comply with, and/or make use of services provided by parastatals such as: the Federal Inland Revenue Service, Nigerian Export Import Bank, the Nigerian Agriculture Insurance Corporation, and the various parastatals responsible for combating corruption.

Despite the general weakness of the public service and the underperformance of many parastatals, some parastatals still manage to perform well, fulfil their mandates, and deliver benefits for Nigerians. Analysts have looked at the factors driving the better performers – key variables are leadership, funding, recruitment, performance management, and technical capacity.[3] Examples of good and excellent performance are cited in this Guidance.

However, many parastatals in Nigeria do not deliver their mandates. Some duplicate the functions of existing parastatals and others are no longer relevant. In 2011, Stephen Oransaye (a former Federal Head of Service) led a committee to look at restructuring and rationalisation of federal government parastatals, commissions, and agencies. In late March 2014, the White Paper on the Report of the Presidential Committee on Restructuring and Rationalisation of Federal Government Parastatals, Commissions, and Agencies was published. The White Paper provides the context in which this Guidance has been drawn. Many of the White Paper's recommendations, which were accepted by the Government, concern improving board governance, transferring functions, and auditing management, staff, and activities. It should be noted that several recommendations also concern merging or abolishing parastatals. The message here is that parastatals must retain good management, governance, and relevance in order to survive.

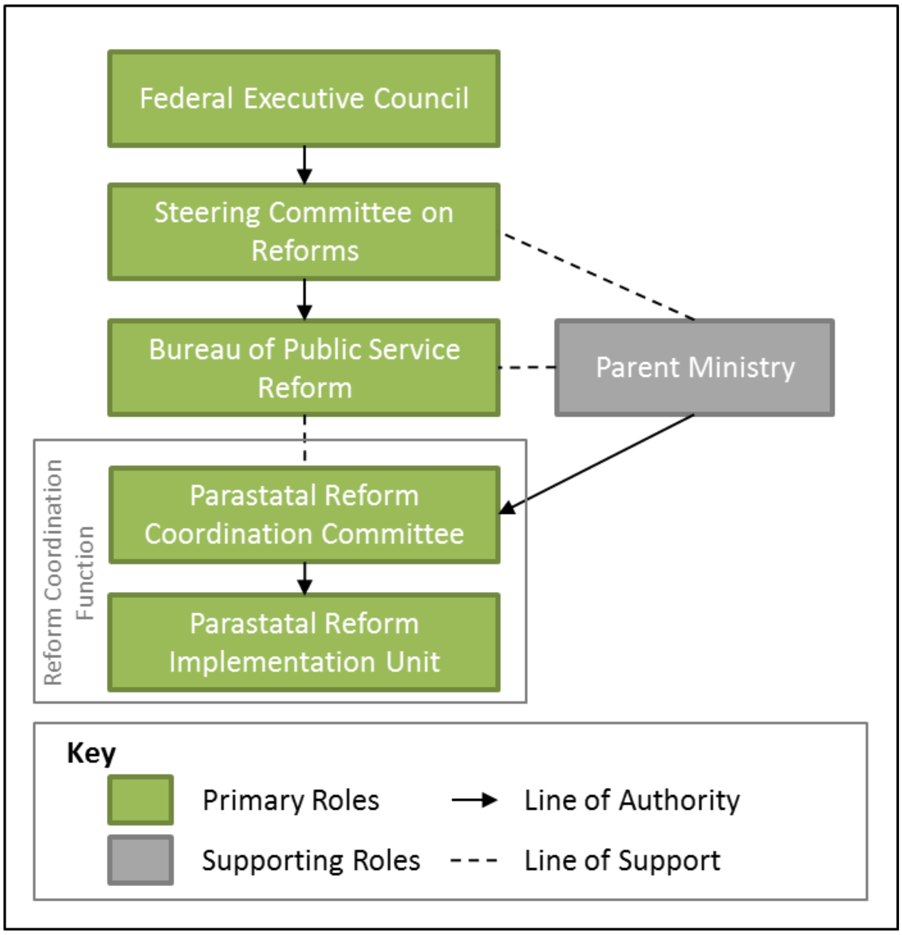
This Guidance has therefore been written for heads of parastatals to advise them on methods to improve management and governance in their organisations. Parastatal heads are advised to use the self-assessment tool (described in section A, chapter iii below) to help establish a baseline against which the Government will review progress toward improved management and governance.

[3] 'Reforming Nigerian Parastatals: Issues and Lessons', Paper presented by Dr Joe Abah, DG, BPSR, at the Board and Management Retreat of the Niger Delta Development Commission, 18 February 2014.

ii. Institutional Framework for Improving Management and Governance in Parastatals

The governance framework for implementing and managing reforms in parastatals is illustrated in the diagram below.

Figure 1: Governance and Implementation Framework



Roles and Responsibilities

Federal Executive Council

The Federal Executive Council (FEC) has the overall responsibility for the coordination of all reform implementation in ministries, departments, and agencies (MDAs), including parastatals. The Steering Committee on Reforms will report periodically on all reforms to the FEC.

Steering Committee on Reforms

The Steering Committee on Reforms (SCR) is responsible for the overall leadership of the reforms being implemented across all parastatals. The SCR provides guidance and technical leadership in the design of reforms. For larger or key strategic parastatals, the SCR may be involved in the reform directly whilst, for smaller parastatals, the SCR will interface via the parent ministry and BPSR. The Secretary to the Government of the Federation (SGF) is the chairman of the SCR, and the Secretary is the Director General, BPSR. SCR's membership includes those leading key governance and institutional reform initiatives across the entire public service. The SCR convenes on a quarterly basis to review progress reports from BPSR on the implementation of all of the reforms, including those in the parastatals. The parastatal's chief executive officer (or equivalent) is to attend meetings and/or events at the invitation of the SCR.

Bureau of Public Service Reform

The BPSR has responsibility for the operational aspects of overall coordination of reporting as well as the monitoring and evaluation of reform programmes and projects. The BPSR will act as the secretariat and the operational arm of the SCR and will remain the central platform and engine for the technical and administration coordination of all PSR activities. Any parastatal that desires to initiate reforms should submit its reform initiative, programme, and/or activities to the BPSR. Before programme implementation commences, the BPSR will undertake technical reviews of the reforms, analyse the design of the programme, and provide feedback and advice as well as further design assistance. BPSR receives information on reforms at the implementation stage via the Parastatal Reform Coordination Committees (PRCC) of a reforming parastatal. The PRCCs are required to submit M&E reports, studies, and exercises on the progress of reforms as well as any major new decisions taken. BPSR will then prepare annual implementation progress reports using the quarterly progress reports from the PRCCs and present them to the SCR.

Parent Ministry

The parent ministry has a supervisory role and must agree with parastatal reform proposals at a strategic level, ensuring the direction of reform is consistent with the ministry's objectives. The full technical evaluation of the methodology remains the responsibility of BPSR as stated above. The degree of involvement of the parent ministry may vary depending on the relationship in place. In the situation where the parent ministry allocates budgetary resources or has control and influence over the appointment of personnel to a parastatal, the ministry must conduct these functions in line with spirit of reform and the agenda of Vision 2020 and the NSPSR, namely to facilitate reform with the understanding that parastatals will need to fund change management initiatives in addition to the usual cost of delivery. When the parent ministry does not have control over budgetary allocation or appointments, it should still be involved with the formation and review of the initial reform strategy and be kept apprised of progress by being represented on the PRCC.

Parastatal Reform Coordination Committee

The Parastatal Reform Coordination Committee (PRCC) is responsible for initiating the reform process, providing strategic direction, coordinating activities and overseeing the implementation, and monitoring and evaluation (M&E) of the reforms. In short, the PRCC should function as a programme management office for the parastatal's reform programme and its constituent change projects. The PRCC will regularly send any new reform proposals and monitoring and evaluation reports to the parent ministry as well as to BPSR. The PRCC will be made up of a suitable number of members as determined by the size and organisational structure of the parastatal. The PRCC should not become unwieldy. Proposed appointments and deliverables/function of the PRCC roles should be discussed with BPSR at the beginning of the reform process. As a guide, a PRCC would be expected to have the following roles:

PRCC Roles		
	Title	**Description**
Programme Board	Chairperson	The chairperson has final decision-making authority and holds ultimate control of the budget.
	Senior beneficiary (or beneficiaries)	These will be representatives of the divisions and departments upon which changes will impact. The number of these positions will vary depending on the number and scope of the reforms and the organisation's current and/or proposed structure. They may also be temporary appointments, changing as the programme progresses.
	Parent ministry representative	If the parent ministry representative is not the chairperson, then they should have a separate position. The purpose of which is to ensure that the direction of reform remains in line with ministry objectives.
Programme Support	Programme manager[4]	The programme manager is appointed by the board and is responsible for overseeing all the various change projects that make up the reforms being implemented by the Parastatal Reform Implementation Unit (PRIU). The programme manager reports to the programme board.
	Programme management support	The programme manager may require administrative support depending on the number and complexity of the reform projects. A reliable junior officer should fill this role.

The parent ministry should be represented on the PRCC, but the role of the parent ministry representative is not pre-determined and will be influenced by the extent of direct control the ministry has on the operations of the parastatal. The chairperson of the PRCC should be the person who holds ultimate responsibility for the parastatal's budget allocation and decision-making, usually the CEO (or equivalent designation). The remaining members should be reform-minded managers or change managers who also have analytical skills. The remaining members should be managers such as directors, special assistants, or other suitably qualified senior management staff tasked with representing their departments.

Parastatal Reform Implementation Unit

Parastatal Reform Implementation Unit (PRIU) will be appointed by the PRCC of the parastatal. The PRIU will act as the reform implementation project management team within the parastatal. The PRIU can vary in size, depending upon the number of reform projects identified and how many are

[4] If the reforms are limited in size or number, the PRCC board may choose to not have this position in place and instead have the project managers of the PRIU report directly to them to reduce costs. If there are three or more projects running concurrently, then it is recommended to have a programme manager in place.

running concurrently. For each reform project disaggregated from the parastatal reform programme, a PRIU project manager should be appointed. Drawing on technical support as required, they are to be responsible for planning implementation, seeking approvals, and managing the projects. The PRIU project managers will be accountable to the PRCC and will report updates on a regular basis. Members of the PRIU should be of a dynamic, reform-minded, and service delivery driven disposition. The PRIU should comprise of selected officers with appropriate skills and aptitude organised into work teams on various subjects based on the mandate of the parastatal and the requirements of the project. The PRIU can co-opt officers from other units into specific work teams as deemed necessary on a temporary basis. PRIU positions should not be filled on the basis of seniority only as authority is provided to them by the PRCC. Where a parastatal cannot locate suitable officers within the organisation, it should make a special request to the Office of the Head of Service for the temporary posting of suitable officers to the PRIU.

Robust Monitoring and Evaluation, and Reporting System

Monitoring and evaluation (M&E) have been recognised to be important in assessing all reform programmes and projects being implemented and building a strong evidence base around achievements of planned outputs and outcomes. All MDAs charged with the responsibility for M&E are mandated to monitor outputs and evaluate outcomes.

BPSR will coordinate its M&E activities and outputs with the MDAs with a view to ensuring inter-agency cooperation and synergy in the collection and utilisation of data. BPSR will work with NPC and reform coordination functions (PRCC and PRIU) in parastatals to collect, collate, and analyse primary data relating to PSR. Information communications technology (ICT) will be used both for data collection (where appropriate), storage, and analysis.

Finally, the regularity of M&E and reporting will be monthly, quarterly, annually, medium term or long term, as deemed appropriate and agreed with BPSR. There will be regular monitoring of progress towards planned activities and outputs, and there will be rigorous evaluation of progress towards intermediate outcomes of reform activities and longer-term outcomes of the reforms. M&E of the reforms will not only be a matter of tracking implementation, but also will be about collecting baseline data that will be used to establish the positive impact of PSR.

Communicating the reform

A robust information, education, and communication (IEC) programme is needed for any programme of reform to ensure that a wide spectrum of stakeholders has the right to timely information and knowledge about the reform on a continuous basis. Parastatals will need to develop a cost-effective strategy for IEC to harness lessons of experience and take advantage of the platforms already developed to support ongoing and past reform programmes and activities.

The IEC packages for the reform should be tailored to specific target groups across the public service and key stakeholders, depending on the nature of the reforms. Some of the approaches available are:

- Printed materials used to post information in public places as teaching aids or to provide information (brochures, posters, fliers, wall calendars, billboards, advertisements on public transport, murals, hand bills, newsletters, desktop flip charts for one-on-one and small group education, etc.)
- Mass media provides a very effective set of outreach tools, assuming that the parastatal has a large number of staff and stakeholders, especially when they are geographically dispersed (television, radio, use of DVDs-programmes can include short 30 to 60 seconds

announcements; short 5 to 10 minutes mini-dramas; 20 to 60 minutes docu-dramas; billboards, murals, etc.)

- Giveaways to boost morale and visibility (pens and pencils, T-shirts, caps, key chains, mugs, condoms for health, etc.). These are best used to mark special initiatives, such as the launch of the reform programme rather than for individual projects.
- Community awareness events that focus on more targeted stakeholder groups (departmental briefings, workshops, seminars, town hall meetings, tactical negotiations, etc.)
- Innovative ideas could be inexpensive but are quick ways to reach targeted stakeholders (text/short message service (SMS), emails)

Not all of the above may be relevant or suitable to every organisation. It is important to do a cost/benefit analysis of each approach to determine which is most appropriate and cost effective for the target group.

iii. Approach and Methodology

Approach Adopted

The approach to this Guidance has been first and foremost to impart advice to parastatal heads regarding the operational complexities and challenges of the public service in Nigeria. The aim is to provide practical and pragmatic advice, which draws heavily on the experience of some of the most successful parastatals in Nigeria. The advice is pragmatic in the sense that it takes account of the current weak status of certain systems and processes, such as budgeting, and seeks to improve those systems without necessarily expecting to transform them instantly into international best practice. Quotes, mini case studies, and examples from successful parastatals are therefore found throughout the manual. The principle adhered to here is that of the aphorism 'the perfect is the enemy of the good'[5].

Part of this practical and pragmatic approach involves a specific linkage between the guidance and self-assessment in order to establish a benchmark against which future progress can be measured. Change takes time and the important point is that parastatals can show evidence that they are taking steps to improved performance, following the outcome of the self-assessment or facilitated assessment, and then implementing the advice in the self-assessment tool and this Guide.

The second aspect of the approach has been to embed the guidance in the context of the public service reforms. The reforms are an ongoing process. It is likely that, as and when a public service bill is enacted and a new system for performance management has been approved, some of the guidance in this manual will be superseded by new rules and systems. This means that this guidance is an evolving document, which will be revised on a regular basis to ensure that key reforms are embedded within the Guidance and that this manual is in line with (or at least does not conflict with) preliminary thinking around other public sector reforms. Furthermore, this guidance aims to reinforce, where possible, other recent reform initiatives such as the Freedom of Information Act and SERVICOM, both of which focus on enhancing transparency and accountability. Please check that the version of this manual is the most up-to-date.

Thirdly, where reforms are as yet not underway or are incomplete and there appears to be no specific guidance available within Nigeria, advice is given from good practice in other countries in managing and reforming public agencies.

The fourth aspect of the approach is that it focuses on management reforms at a strategic level. Management reviews in larger MDAs taking a combined strategic and operational approach can take an average of six months to complete[6]. The reason for focusing initially at the strategic review is that 'although many recommendations in a functional review can be implemented during [the full review] period, there may be a need to move faster, at least in terms of clarification of purpose and objectives, prioritisation, identification of overlap and duplication and considerations relating to contracting out.'[7] However, while focusing mainly on strategic matters, some operational issues, such as recruitment, are also covered in the guidance where heads of parastatals have noted key constraints or opportunities.

The fifth aspect of the approach relates to implementation. The Guidance recommends that parastatals apply a 'change management' approach to implementing the changes they need to

[5] Aristotle, Confucius and other classical philosophers propounded the principle of the golden mean, which counsels against extremism in general. Achieving absolute perfection may be impossible and so, as increasing effort results in diminishing returns, further activity becomes increasingly inefficient.

[6] 'SPARC Corporate Planning', Revised Guidance Pack 2013-15, State Partnership for Accountability, Responsiveness, and Capability (SPARC), June 2013.

[7] 'Civil Service Reform: Handbook for Functional Reviews', Malawi Government, 1996.

make arising from their self-assessment. Many of the more successful parastatals have used and continue to use change management teams working alongside senior management, in the recognition that they need to change constantly in order to address newly emerging needs, issues, and challenges.

Finally, this manual is not a substitute for adhering to the rules and regulations governing the Nigeria public service, as set out in the public service rules and regulations, and these must be followed. We refer here to the Guides to Administrative Procedures in the Federal Public Service, the Public Sector Rules (2008 Edition, Office of the Head of Service of the Federation), the Public Procurement Act (2007), and the Financial Regulations (2009), which are covered in Section B, chapters 8, 9 and 10 on Financial Management, Procurement and Governance.

Methodology

The methodology for developing this Guidance includes the following steps and methods:

First the Guidance aligns with ongoing public sector reforms, led by the Bureau for Public Sector Reforms and others in the Federal Government.

Secondly, Stakeholder interviews with the heads of ten of the more successful parastatals were carried out to identify good practice. The examples given have been included in the main sections of this Guidance in the form of leadership approach, practical working tips, and mitigation strategies to address the many practical challenges of the operating environment.

Thirdly, good practice on functional and management reviews from other countries, drawing on functional review and analysis methodology, has been drawn upon. Functional review methodology has been commonly associated with governance and public sector management. The World Bank describes it as such: 'a functional review of government expenditures evaluates existing expenditure programs in terms of their results and efficiency. The product of such a review identifies possible expenditure savings and also revenue enhancements, which would be available for reallocation to other activities or programs, or for improving the overall budget balance'[8]. Guidance from manuals and practical examples are drawn upon from functional reviews in other African countries and the UK.

Fourthly, a self-assessment tool has been developed and is available online to encourage heads of parastatals to benchmark their progress in improving management and governance in their institutions. This is set out in more detail below. Both the guide and the self-assessment tool have undergone validation through a range of meetings and discussions, including meetings of the Inter-Ministerial Technical Team.

Self-Assessment Tool

> *'If you don't want to be reviewed by someone else [due to poor performance] review yourself, proactively...'*
>
> \- EFCC

[8] See http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/0,,contentMDK:20134063~isCURL:Y~menuPK:286310~pagePK:148956~piPK:216618~theSitePK:286305,00.html

As part of this Guide, BPSR is providing an automated self-assessment tool (SAT) online, accessible through the BPSR website. The tool is an organisational strategic management 'health check'. It contains statements aimed at providing the user with a clearer picture of the current strengths and weaknesses of their organisation. Where weaknesses are identified, advice on next steps to be taken to improve management and governance is available through the corresponding section of the Guidance in Section B below.

The tool is designed to establish a baseline with regards to the organisation's strategic management approach from which reforms can be considered and a change management plan developed in conjunction with this Guide. Later, the tool can also be re-used as part of a progress review.

When using the SAT, the answers category selected and results generated are not collected by BPSR; however, BPSR will use some data to help it better analyse where to invest resources in the future through relevant training events and the like in order for BPSR to better assist organisations with delivering public services.

There is also the option to request a facilitated self-assessment. This process is more in-depth than the use of the SAT alone as it is conducted by a BPSR officer over a period of two days and involves the review of several key documents. The facilitated self-assessments will provide a more organisation specific result – but once again, the results will not be used by BPSR beyond assisting with its own future work planning, nor will the results be shared externally or publically.

To request a facilitated self-assessment, use the contact details provided on the BPSR website with the SAT. The process for carrying out the SAT (with or without the assistance of BPSR) is set out in Annex 1.

iv. Practical Guidance

Summary

The management of large organisations is complex and fraught with difficulties that are further exasperated by the different demands arising from a parastatal's specific function. It would not be possible to provide exact instructions that would cover the needs of all of Nigeria's public service delivery bodies, but it is possible to identify the key factors common to all organisations that will enable success.

The remainder of this Guidance covers common issues at the strategic level. It provides high-level guidance to help ensure that the essentials of corporate management of parastatals are met. The operating environment in Nigeria can be difficult and can hinder achievement of organisational targets, but this Guide provides examples from various organisations within the Nigerian public service that are testament to the fact that, with the right approach to corporate management and the alignment of the organisation's and the individual employee's incentives, success is possible.

The table below contains a summary of the key elements of success, as discussed within this document. They are split into two groups, primary and supporting factors. Primary factors are the core essentials that must be in place, whilst the supporting factors are facilitators that can support the primary factors to assist with operational achievement.

Table 1

Key Elements of Success for Organisational Strategic Management

Primary Factors	Description
Suitable Mandate	In order for the organisation to achieve success it must have a suitable mandate that enables it fully to carry out its intended function.
Corporate Strategic Planning	The organisation must have a corporate strategy to achieve its purpose. It must also have associated implementation plans to cascade the strategy down to the operational level.
Accurate Financial Management	Proper management of the organisation's resources will make the difference between success and failure. Finding alternative sources of funding or revenue can smooth late releases and plug budget holes. Delegating authority to manage funds to managers can also help ensure the conscientious use of resources.
Appropriate Org. Structure	If the organisation is not structured correctly it can lead to inefficiency and waste. The organisation's structure should be appropriate, ensuring clarity of internal functions without duplication of responsibility and/or output.
Performance Management	Performance management, from the level of the individual upwards to the entire organisation is an essential process; without proper performance management, including evidence-based decision-making and continuous performance improvement, an organisation cannot hope to improve its delivery.
Human Resource Management	An organisation is a sum of its people. Without appropriate HRM, the organisation cannot function. Sourcing the best people, placing people into the most appropriate positions,

	training them, and then retaining them is critical in success.
Governance Structures, Systems And Processes	The organisation must have the appropriate governance structures, systems, and processes in place in order to ensure that the organisation is managed efficiently, transparently, and equitably as well as guaranteeing that the organisation is meeting the standards required by national and international law.
Supporting Factors	**Description**
ICT	ICT can greatly improve the efficiency of an organisation – from the collection of data to the dissemination of information. The FGN has a good level of ICT penetration; however, the availability of computers and software is not enough: it must also be used effectively. It is important that staff know how to use systems to maximise their potential.
Environment & Equipment	The working environment for employees and the equipment they are provided with must facilitate productivity and a professional atmosphere. Whilst this can be difficult within budget restraints, it is an area of importance for investment, and is a legitimate cause around which to seek supplementary financial support.
Leadership	A strong leadership team, committed to the success of the organisation, can make the difference between achievement or otherwise. It is important to make sure that the high standards of the leadership team are embedded within the organisation formally in the governance processes and reflected in the organisation's culture.
Incentives	Incentives are always present but often difficult to identify. Some incentives will remain unknown and unpredictable, but it is possible to align employee incentives with that of the wider organisation. Positive incentives can be reinforced through transparent procedures rewarding good performance, whilst negative incentives can be mitigated through effective and robust governance.
Ingenuity/Adaptability	This Guide highlights numerous examples of organisations in Nigeria that have proved that, by using some ingenuity and adapting to their operating environment, they can achieve success.

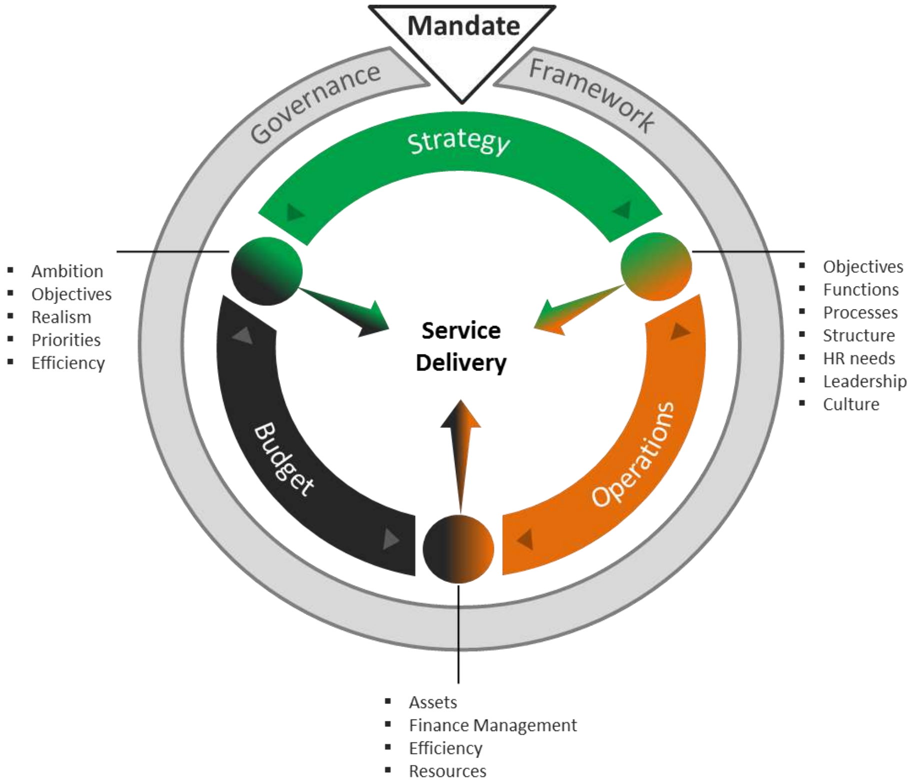
Framework for Improving Management and Governance in Parastatals

A Non-Linear Framework

Chapters 1 – 10 of this document contain guidance on the strategic management and governance of organisations. It is important to remember that the activities described are frequently non-linear, and they should not be carried out in isolation from one another. This means that it is not necessary to address Chapter 1 first and Chapter 10 last, and in some cases, it will be obvious that certain sections are more critical for one parastatal, while another would need to focus initially on another section. Once the mandate is established, the subsequent strategic, operational, and budgetary decisions must all be coordinated with one another and contained within the organisational, national and, in some cases, international governance frameworks.

Figure 2, below, illustrates how the non-linear framework needs to function in order for the organisation to effectively deliver services.

Figure 2: Non-Linear Framework



Creating a strategy independently from the realities of the budget or drafting the organisation's structure without consideration of the strategic objectives is unlikely to result in comprehensive and effective operations. Similarly, failure to ensure consistency with the governance framework can jeopardise the organisation's credibility and functionality.

In practice, it can be challenging to work on all areas for improvement simultaneously. There is a rough order in which management and governance reforms should be tackled, but as each process and system is improved through the guidance below, some earlier process and system improvements may need to be further refined. For instance, if governance were addressed only after the management reform areas, it might be necessary to revisit the organisational structure to ensure that a unit is in place to address the legal requirements imposed through the Freedom of Information Act and anti-corruption regulations. Any significant change to the organisational structure may require further modifications to the strategic and operational plans and budget.

The rest of the Guidance in Section B is organised as chapters on the following:

Chapter 1: Implementing Change through Change Management.
Chapter 2: Clarifying the Organisation's Mandate
Chapter 3: Developing a Corporate Strategy
Chapter 4: Aligning Strategic Planning and Budgeting
Chapter 5: Re-Structuring the Organisation to Enable Delivery
Chapter 6: Performance Management
Chapter 7: Human Resource Planning
Chapter 8: Financial Management
Chapter 9: Procurement
Chapter 10: Governance

Section B

1. Implementing Changes Through Change Management

Change management should be seen as a project. It may be necessary to put some management structures in place to support change management, which will only be temporary whilst critical changes are made. PRIU project managers should use whichever project management methodology they are trained in and/or is preferred by the FGN. If an organisation lacks officers suitably trained in change management or in the project management of change, it should contact its parent ministry and/or the OHSCF and request the temporary assignment of trained project management officers. All change management interventions should conform to the governance arrangements outlined above in Chapter 10.

Improving organisation performance will require change and yet it is very difficult to bring about change. Thirty years of research by Dr John Kotter has found that 70% of all major change efforts in organisations fail. Why do they fail? Because organisations often do not take the holistic approach required to see the change through.

Dr Kotter has proven through his years of research that following an '8-Step Process for Leading Change' will help organisations avoid failure and succeed. By improving their ability to change, organisations can increase their chances of success, both today and in the future. Parastatal heads are advised to adopt Kotter's 8-Step Process to change management after assessing the changes needed to make following their own self-assessment (using the SAT). [9]

Step 1: Create a sense of urgency

In their rush to make a plan and take action, most organisations ignore this step. Leaders may underestimate how hard it is to drive people out of their comfort zones or lack the patience necessary to develop appropriate urgency.

Leaders who understand the importance of a sense of urgency are good at taking the pulse of their organisation and determining whether it is overly complacent. There are some tried and true ways organisations go about creating urgency. They tend to fail or succeed for the following reasons:

Guaranteed to Fail: The problem in failed change initiatives is rarely that the case for change is poorly thought out or not supported with sufficient facts. Even if the thinking is solid, it needs to appeal to people's hearts as well as their heads.

Guaranteed to Succeed: Leaders who know what they are doing will make the business case come alive and will create messages that are simple and imaginative and that inspire people.

> The Federal Inland Revenue Service (FIRS) took this approach. It used pictures of a model office environment and compared it with its current working environment, asking which model people preferred. Staff overwhelmingly chose the model office and this then became the visualized goal all staff could get behind.

Step 2: Creating the guiding coalition

Putting together the right coalition of people to lead a change initiative is critical to its success. That coalition must have the right composition, a significant level of trust, and a shared objective.

[9] See the Kotter website for more details: http://www.kotterinternational.com/our-principles/changesteps

It is essential that the team develop a level of trust in one another. This is the glue that makes the team function well.

The Four Qualities of an Effective Guiding Coalition

In putting together a guiding coalition, the team as a whole should reflect:

- Position Power: Enough key players should be on board so those left out cannot block change
- Expertise: All relevant points of view should be represented so that informed intelligent decisions can be made
- Credibility: The group should be seen and respected by those in the organisation so that the group's pronouncements will be taken seriously by other employees
- Leadership: The group should have enough proven leaders to be able to drive the change process

Step 3: Developing a change vision

A clear change vision serves three important purposes. First, it simplifies hundreds or thousands of more detailed decisions. Second, it motivates people to take action in the right direction even if the first steps are painful. Third, it helps to coordinate the actions of different people in a remarkably fast and efficient way. A clear and powerful vision will do far more than an authoritarian decree or micromanagement can ever hope to accomplish.

Effective visions have six key characteristics. They are:

- Imaginable: They convey a clear picture of what the future will look like
- Desirable: They appeal to the long-term interest of those who have a stake in the enterprise
- Feasible: They contain realistic and attainable goals
- Focused: They are clear enough to provide guidance in decision-making
- Flexible: They allow individual initiative and alternative responses in light of changing conditions
- Communicable: They are easy to communicate and can be explained quickly

Step 4: Communicating the vision for buy-in

Gaining an understanding and commitment to a new direction is never an easy task. Most organisations undertaking reforms fail to communicate enough. A single memo announcing the transformation or even a series of speeches by the CEO and the executive team are not enough. To be effective, the vision must be communicated everywhere. The vision will be referred to in emails, in meetings, in presentations – it will be communicated anywhere and everywhere.

In communicating the vision for the transformation, there are some things to keep in mind. The vision should be:

- Simple: No jargon
- Vivid: A verbal picture is worth a thousand words – use metaphor, analogy, and example
- Repeatable: Ideas should be able to be spread by anyone to anyone
- Invitational: Two-way communication is always more powerful than one-way communication

Step 5: Empowering broad based action

> *'**Actions Speak Louder Than Words.** Nothing speaks as powerfully as someone who is backing up their words with behavior. When an entire team of senior management starts behaving differently and embodies the change they want to see, it sends a powerful message to the entire organization. These actions increase motivation, inspire confidence and decrease cynicism'.*
>
> \- Kotter International

The internal structures of organisations are frequently at odds with the change vision. For instance, an organisation that claims to want to be customer-focused may find its structures fragment resources and responsibilities for products and services. Realigning incentives and performance appraisals to reflect the change vision can have a profound effect on the ability to accomplish the change vision. Re-structuring is recognised by many parastatals as a key element in supporting change (see section below on re-structuring the organisation to enable delivery).

Step 6: Generating short-term wins

For leaders in the middle of a long-term change effort, short-term wins are essential. Getting these wins helps ensure the overall change initiative's success. Research shows that organisations that experience significant short-term wins by 14 - 26 months after the change initiative begins are much more likely to complete the transformation.

To ensure success, short-term wins must be both visible and unambiguous. The wins must also be clearly related to the change effort. Such wins provide evidence that the sacrifices that people are making are paying off. This increases the sense of urgency and the optimism of those who are making the effort to change. Short-term wins also tend to undermine the credibility of cynics and self-serving resistors.

Short-term wins rarely happen of their own accord. They are usually the result of careful planning and effort.

Step 7: Don't quit

Resistance is always waiting in the wings to re-assert itself. Even if leaders are successful in the early stages, they may just drive resistors underground where they wait for an opportunity to emerge when it is least expected. The consequences of letting up can be very dangerous. Whenever change leaders let up before the job is done, critical momentum can be lost and regression may soon follow.

Transformational leaders will launch more and more projects to drive the change deeper into the organisation. Without sufficient and consistent leadership, the change will stall, and succeeding in a rapidly changing world becomes highly problematic.

Step 8: Embed changes in the organisation

New practices must grow deep roots in order to remain firmly planted in the culture. Culture is composed of norms of behavior and shared values. These social forces are incredibly strong. Every individual that joins an organisation is indoctrinated into its culture, generally without even realising it. Changes – whether consistent or inconsistent with the old culture – are difficult to ingrain.

This is why cultural change comes in Step 8, not Step 1. Some general rules about cultural change include:

- Cultural change comes last, not first
- Leaders must be able to prove that the new way is superior to the old
- The success must be visible and well communicated
- Leaders will lose some people in the process
- New norms and values must be reinforced with incentives and rewards – including promotions
- Reinforce the culture with every new employee

2. Clarifying the Organisation's Mandate

In order to be able to deliver the mandate effectively, it is imperative that the organisation's mandate is first clarified. This section covers guidance on mandate, vision, mission, and values. The mandate is the official delegation of authority to a parastatal to perform a specific task or tasks on behalf of the government and, by extension, the citizens of Nigeria. Unlike ministries, parastatals are usually created for a specific purpose and have a mandate with accompanying powers enshrined in their establishing Act.

To clarify the organisation's mandate, it will be necessary to collect all the legislative or similar statutory documentation pertaining to the formation of the parastatal, along with any subsequent adjustments that may have occurred. This should provide the information required to determine the exact roles, responsibilities, and high-level deliverables the organisation is expected to achieve.

The mandate should also set out the powers invested in the parastatal, and the degree of independence from the parent ministry and other parts of the executive. It is particularly important for parastatals with revenue raising, standard setting, and supervisory functions to have adequate powers to be able to carry out and enforce their authority. Where these are insufficient, it may be useful for the parastatal to seek support from the parent ministry or other relevant government stakeholders to enhance its powers. The reason for this becomes apparent from the example given in the case study below.

Case Study 1: Ensuring the Organisation is Sufficiently Empowered

It is entirely possible that an organisation may find, after reviewing all relevant documentation, that it is not sufficiently empowered to effectively deliver its mandate. A prime example of this is the Federal Inland Revenue Service (FIRS), which established that in order to properly carry out their function they would need to first invest time and resources in getting revisions to their mandate.

The FIRS approached its line ministry, the Federal Ministry of Finance, with a business case outlining why it required additional autonomy in key areas of corporate management, namely:

- Funding
- Human Resource Management
- Internal Processes

The process took a long time to complete, but it eventually resulted in FIRS being granted the additional powers it required, including:

- The authority to raise its own revenue
- The ability to recruit its own staff and set remuneration levels independently for the wider public service norms
- Establish its own internal processes for activities such as performance management and disciplinarians

The result of these changes can be seen in the achievements of the FIRS, insofar as it increased the collection of non-oil tax revenue significantly.

For parastatals invested with significant powers (including powers to fine organisations or individuals, close down businesses, and imprison persons), it is imperative to demonstrate accountability for how it executes the powers. In some cases, a separate body may be charged with a related oversight function to monitor use of these powers, but if this is not the case (and there is currently little appetite in Nigeria for creating new parastatals), the parastatal itself may be responsible for showing how it is using its powers responsibly, such as through building up case evidence and establishing a complaints procedure. This matter is covered in more detail below in Chapter 10.

It is helpful for each parastatal to clarify the degree of independence it has from its parent ministry and the latitude it has in terms of setting its own internal rules and standards. For example, the Federal Inland Revenue Service (FIRS) has some autonomy in the area of employee remuneration. Specifically, it has the right to set salary grading/rates of pay at a level believed to compensate the employee properly and to prove attractive enough to allow FIRS to compete in the employment market for high quality candidates.

It may also be prudent to compare current outputs of the organisation with its mandate, to establish if there are any differences between what the organisation should be doing and what it is doing. At the end of this review process, it should be clear what the organisation is supposed to do, and this clarification will inform the functional and process reviews, which are part of the re-structuring process, set out in Section 8 below.

Identifying the Organisation's Vision, Mission, and Values

With a clear idea of the organisation's mandate, it is now possible to develop the organisation's vision, mission, and values.

Vision

The vision is a high-level definition of the purpose of the organisation. It should not contain specific targets but instead set out the long-term aspirations of the organisation in such a way that stakeholders can identify with and understand it. Below is an example of a well-phrased vision statement.

'To safeguard the public health of the nation'

- NAFDAC

Mission

The mission can be considered to be the long-term goal of the organisation. It should be clear to understand for both the organisation and public alike and detail what the organisation is seeking to achieve. A mission statement should contain three key characteristics:

- Inspirational
- Realistic
- Specific

It can still be ambitious, but it must also be attainable if it is to be of value. There are no set rules on the time period a mission statement should cover. It can be a relatively short-term goal (up to five years) or it could be a long-term goal (five years plus). The short-term versus long-term choice will be determined by the needs of the organisation. Short-term mission statements can be more specific and may benefit an organisation going through a period of change, but will also require more frequent revisions. Long-term mission statements require fewer revisions but may be less adaptive to change. As operational planning should be aligned to the deliver the organisation's mission (goal), it is important that the timeframe of the mission statement is suitable. Below is an example of a mission statement.

'*To safeguard the public health by ensuring that only the right quality food, drugs and other regulated products are manufactured, exported, imported, advertised, sold and used*'

- NAFDAC

Values

The organisation's values should provide a framework for the way the things are done. They influence the culture of the organisation, internal practices, and stakeholder interactions. Values can be broad concepts such as transparency, equality, and accountability. Often, private sector companies embed a customer service mentality through the organisation's values as well as training. Below is an example of a value statement that is widely visible in one parastatal.

'*On every desk there is the statement: "Don't do the wrong thing to make a friend or keep one*"'

- Public Procurement Service

3. Developing a Corporate Strategy

Developing a corporate strategy is a crucial step in ensuring delivery of the organisation's mandate. This section will outline the key steps in the development and implementation of a strategic plan.

> *'The mission must be achievable; don't try to solve everything at once, and ensure it [the mission] is in keeping with the legal remit'.*
>
> \- Economic and Financial Crimes Commission

Initial Preparation

The first step in the preparation of a new strategy and implementation plan is to decide on the approach best suited to its context. There are different approaches that may be employed. Three examples are listed below:

Tale 2: Approaches to Strategic Planning

Approach Type	Description	Pros	Cons
Top-Down	This process involves a small senior management team making all the decisions based on their understanding and experience of the business and environment.	▪ Streamlined decision-making process is faster ▪ Less expensive	▪ May not fully grasp the realities of some of the organisation's nuances ▪ May be seen as dictatorial and not facilitate buy-in at lower levels
Collaborative	This process involves senior management interacting with key external stakeholders such as union representatives and key middle management, leveraging their specialised knowledge during the development of the strategy.	▪ More likely to identify and address key issues amongst stakeholder groups ▪ Encourages ownership by key personnel ▪ Draws on the wider knowledge and experience of the organisation	▪ Takes longer than a top down approach as more viewpoints are included ▪ Can dilute the sense of purpose of the strategy and may need strong facilitator to lead
Consultative	It is possible to bring in external expert support for the strategic development process.	▪ Draws on previous experience of strategic development ▪ Provides objectivity	▪ Will incur additional costs ▪ Will still require input from key internal stakeholders

There is no correct or wrong approach. Options must be assessed so that leaders can select which approach suits its situation. In Nigeria, the Economic and Financial Crimes Commission (EFCC) preferred to use a collaborative approach, whilst the National Primary Healthcare Development Agency (NPHCDA) opted for a consultative approach. Both parastatals are recognised as having strong strategies in place.

Whichever approach is taken, it is important for parastatals to ensure they understand the interests and needs of their customers and citizens, and they should put in place procedures and systems to allow customers access to information, to provide feedback, comments and complaints regarding the services delivered. These mechanisms are discussed in more detail in chapter 10 below.

Corporate Strategy Development

There are five key stages in the development of a corporate strategy:

- Clarifying the organisation's mandate (see chapter 2)
- Identifying the organisation's vision, mission and values (see chapter 2)
- Setting strategic objectives to achieve the mission
- Planning the strategic approach required to achieve the objectives
- Developing an implementation plan which operationalises the strategy

When the organisation has completed all five stages, the strategic planning should be completed and ready for implementation.

Case Study 2: Investing in the Organisation's Strategy

The Nigerian Communications Commission (NCC) provides an example of an organisation recognising the importance of ensuring that corporate strategy is aligned with its mandate.

The Nigerian Communications Commission is the independent national regulatory authority for the Nigerian telecommunications industry. The NCC is responsible for creating an enabling environment for competition among operators in the industry as well as ensuring the provision of qualitative and efficient telecommunications services throughout the country.

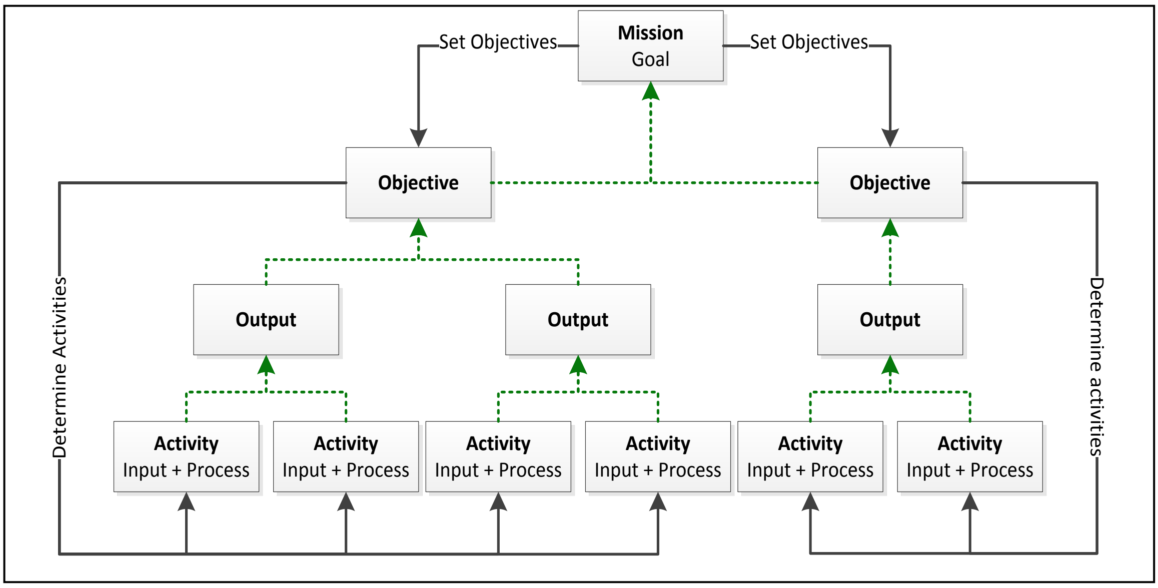
The NCC spent significant time and resources to ensure that its strategy was fit-for-purpose and that the objectives set would lead to fulfilment of its mandate. As part of the strategy development process, NCC sought international assistance by contracting KPMG to help the development of the corporate strategy, objective setting, and high-level implementation planning.

The NCC also set up an independent department, the Corporate Strategy Department, whose role would be to work closely with KPMG during the development phase and then later take ownership of the strategy, keeping it updated and ensuring that the best-practice approaches persisted. The Corporate Strategy Department also holds the responsibility for NCC monitoring and evaluation – ensuring that there is synergy between information gathering, evaluation, and evidence-based decision-making at the strategic level.

Setting Strategic Objectives to Achieve the Mission

Strategic objectives should be aligned with the mission of the organisation. At this stage, strategic objectives are higher level (divisional) targets and, as such, are the sum of departmental outputs, see Figure 3 below.

Figure 3: Activity Chain



Objectives should be developed using the SMARTER approach, as follows:

S Specific: The objective should be unambiguous

M Measurable: A baseline should be established and a clear target set

A Attributable: Ownership of delivery should be clear; accountability is key

R Realistic: The objectives must be attainable and consider budgetary and external factors too

T Time-bound: The objectives should be split into short-, medium- and long-term – see below

E Evaluated: Progress against the objective must be evaluated to a set schedule

R Revised: Targets should be adjusted following evaluation

The strategic objectives will determine the activity planning to follow, which in turn will influence the organisation's operating model (organisational structure, workforce requirements, processes, systems and tools, governance framework) and so investing time getting the objectives right is key to subsequent successful planning and delivery.

When developing objectives it is useful to have a standardised set of categories that must be completed before an objective can be considered finalised. Table 3 provides an illustrative standardisation template, and some examples of how it may be used. Once the objectives are completed the senior decision makers must make any amendments and sign-off the objective.

Table 3: Objective Setting Standardisation Template[10]

#	Objective	Contribution to Mission Goal	Time frame	Baseline	Target	Owner
A1	All children in Sokoto State are vaccinated against polio	Constitutes part of the '…implementation of high quality, sustainable primary health care for all…'	Medium term (24 months)	67% of children vaccinated in 2014	100% of children vaccinated by 2016	North-West Division Director
A2	To have a world-class financial management system	Contributes to '…resource mobilisation, partnership, collaboration…' by providing partners with the confidence required in order to generate financial support by using transparent practices and systems	Medium Term (18 months)	Current (2014) financial systems are outdated and require updating	To pass an externally conducted audit by an internationally recognised auditing firm by 2016	Finance Director

Once all the objectives have been agreed upon, it is prudent to create a hierarchy, prioritising those objectives that are most essential within given time frames. It is important not to overemphasise any one area and, as such, using a balanced scorecard (see Figure 4 below) approach may be beneficial.

The purpose of this exercise is to identify some of the critical success factors (CSF) that must be achieved if the organisation is to achieve its mission. CSFs are the key outcomes that must be realised in order for the strategic objectives and/or mission to be successfully achieved.

The balanced scorecard ensures that a holistic approach to service delivery is taken. The balanced scorecard is usually split into four quadrants, which are:

- Financial
- Service Delivery
- Capacity Development
- Efficiency

Objectives should be set within these four quadrants. Some objectives may overlap categories and can be placed closer to dividing lines. An example using the two illustrative objectives taken from the template in Table 3 above can be seen in Figure 4 below.

Figure 4: Balanced Scorecard

[10] Please note these figures are illustrative only

The prioritisation of the objectives should ensure that objectives are not focused solely on any one of the four balanced scorecard areas, but provides a comprehensive list of all objectives from all four quadrants and ranked in their contribution to delivery of the organisation's goal(s).

Different parastatals will – because of their different contexts and needs – have different reasons for prioritising the objectives. Another useful tool to assist with this process is to perform a high-level cost-benefit analysis (CBA) using either best-estimate costing (for activities that have been accurately costed previously or by performing a costing exercise for new activities/objectives) and then comparing the findings with the perceived potential impact, see Figure 5 below, which again uses the two objectives in Table 3 above.

Figure 5: High-level CBA Matrix

The CBA matrix will begin to identify which objectives are more feasible when working within resource constraints. Ideally there should be no objectives that fall into the bottom right area coloured in red (high cost, low impact). Low cost, high impact objectives should be considered as essential, while objectives in the two yellow boxes should be assessed on their own merits, as it may be the case that they build towards larger achievements in the future and should be considered prerequisites for success. This will mean decisions also must consider the sequencing of the objectives into short-, medium-, and long-term.

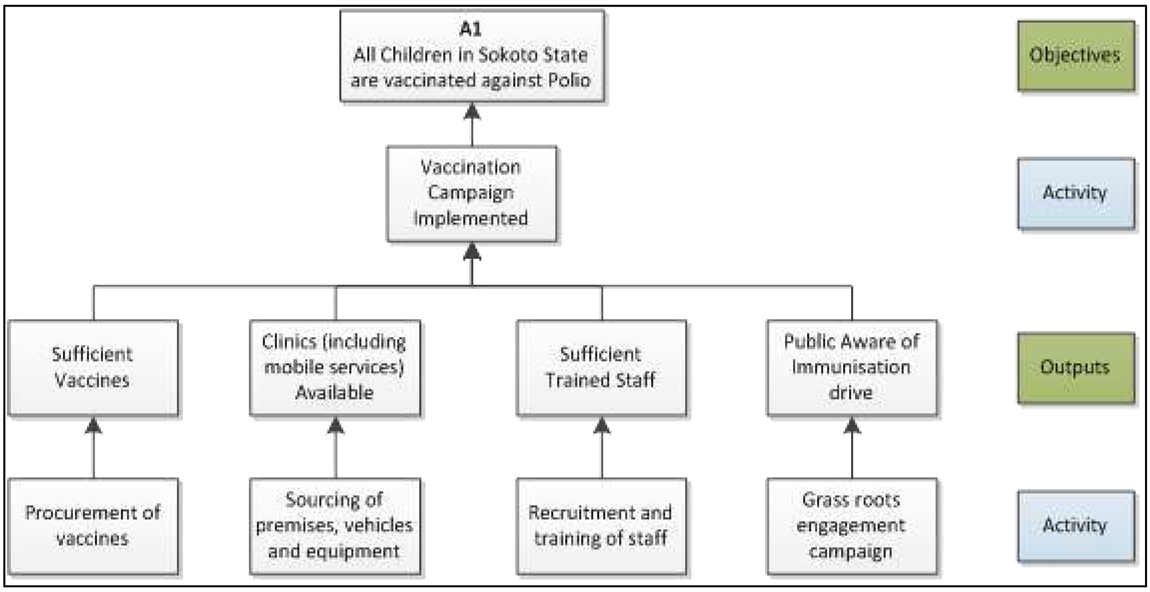
Planning the Strategic Approach

Once the objectives have been set, the next step is to decide how they will be achieved. This involves identifying the activities that will contribute to the attainment of the objective, as per Figure 6, which demonstrates a simplified delivery chain.

There may be several methods or approaches to achieving an objective; usually these will have their own merits and demerits. Determining the most suitable methods will depend on the factors that measure success. It is important to establish the parameters for the achievement of each objective at the start of the planning process. For example, a key constraint may be cost. As a result therefore, efficiency would influence the choice of methodology.

The planning should remain high-level; the activities and outputs identified should be at the divisional level and, if necessary, the departmental level (departmental being the lowest level at this stage). The purpose is to establish the high-level delivery chain necessary to achieve the objectives, as this will later provide a framework for the development of any changes to the operating model of the organisation. An illustrative delivery chain for the example objective A1 is displayed on the next page; however, this is indicative only as some delivery chains may be more straightforward, and as a result, may not require the development of an elaborate activity plan.

Figure 6: Example Strategic Level Delivery Chain



Depending on the degree of autonomy the organisation possesses, it may be necessary to seek approval from the relevant line ministry before the strategic plans are put into action. As this may take some time, it is important that the review, sign-off, and any possible revisions are taken into account when scheduling the commencement of work.

Once the strategic plans are completed and agreed upon, the next step is to review the organisation's current operating model with respect to delivery of the objectives and to begin lower level operational planning.

4. Aligning strategic planning and budgeting

This section presents some of the key aspects and best practices in ensuring that the budget is linked to the organisation's strategic implementation plans.

> *'Strategy, planning and budgeting must all be linked; without this you can't succeed'.*
>
> \- Nigerian Communications Commission

Budgetary Realism in the Development of Short- to Medium-Term Strategic Objectives

The organisation's strategy should be designed to deliver the mandate (as covered in chapter 2 above), but the strategy should also be developed with a notion of budgetary realism. During the strategy drafting process, managers need to take into account the budgetary limits they face when assessing their objectives and set their scope and ambition accordingly. If the strategy seeks to achieve too much and the resources required are not available to enable this, delivery can be compromised and implementation of the strategy can appear to be a failure.

Budgeting to Facilitate Operational Delivery

The organisation must have a clear understanding of the total cost of delivery. To do this, costing must be performed for the achievement of every objective and its related delivery chain.

The approach to costing and budgeting can vary; the main approaches are top-down, bottom-up, and hybrid, details of which can be seen in table 4 below.

Table 4: Budgeting Approaches

Approach	Description	Pros	Cons
Top-down	Approach involves taking an absolute figure (e.g., the organisation's budget envelope) and distributing it amongst the various divisions and departments to fund their operations, based upon the understanding of business needs and management information (MI) provided to senior decision makers	• Streamlined process (quick and cheap) • Allows senior team to maintain full control with no overspending • Less likely to cause implementation disruption if budgets are not approved	• Distribution can become arbitrary or may be inaccurate based on poor or outdated MI • Less buy-in from middle and lower management • Does not help with operational improvement by providing accurate costing details
Bottom-up	Approach involves costing all inputs and processes to arrive at the final cost of delivery and thus budget requirement	• Will provide a more accurate breakdown of costs • Will encourage ownership of budgets at lower management levels • Better in large or	• Can result in over-inflated budget requests • Takes longer to produce and requires an evaluation process • Costs more than a top-down approach (more time consuming)

		complex organisations that have varied outputs	• May lead to implementation delays whilst budget requests are reviewed
Hybrid	Approach involves a mixture of top-down and bottom-up approaches. It requires bottom up costing actions but then relies on management to assign budgets based on a pre-determined absolute figure	• Accurate breakdown of costs • Encourages ownership at lower management levels • Deals with complexity • Less likely to cause implementation delays	• Takes longer to produce than top-down • Costs more than top-down

First a decision must be made which budgeting approach best suits the organisation's needs. Generally, the most balanced methodology is considered to be the hybrid approach, especially where there is going to be organisational change involved or where a new focus is being placed on improving efficiency. In some instances using a top-down approach may be preferable given the reduced cost and increased speed, for example if there are time constraints due to external factors such a late budgetary release and it is imperative to quickly distribute delayed resources. However, generally the fact that top-down approaches do not help with operational improvement constitutes a 'killer' deterrent for most parastatals.

Assessing the Organisation's Budgetary Requirements

As part of the budgetary assessment process, it is important to have a full understanding of the resource requirements of each part of the organisation.

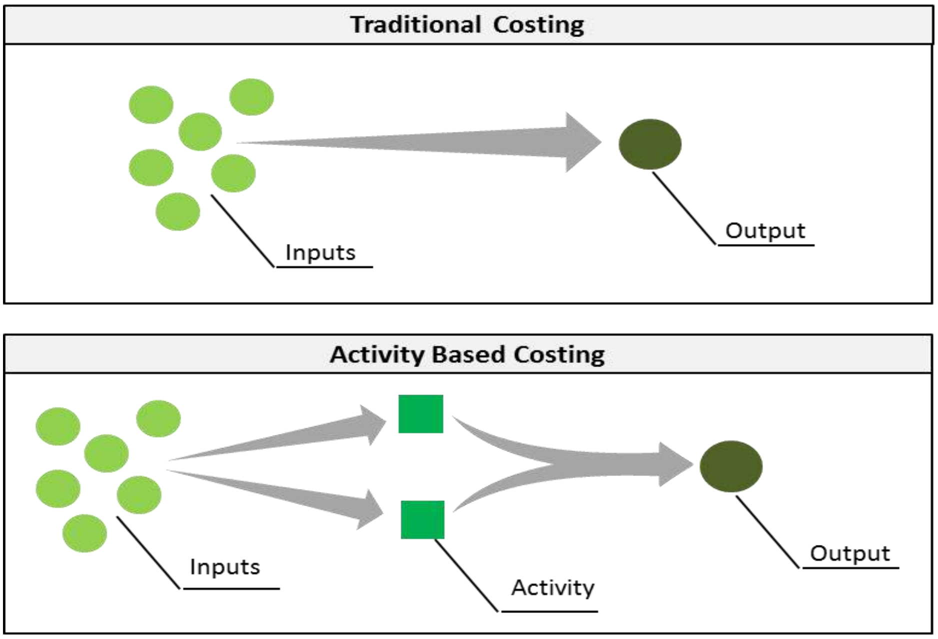
Zero-based budgeting essentially means starting from a clean slate and producing a full new assessment of the total delivery cost. It is in contrast to incremental budgeting (budgeting which uses the previous period's budget as a starting point and then adjusts accordingly). Incremental budgeting is less costly and faster, but it can become inaccurate over time or when significant changes to the operating model or objectives are made.

When determining the organisation's budgetary requirements, both direct and indirect costs should be quantified in order to arrive at the expected total delivery cost, that is, the cost of achieving the organisation's objectives. Direct costs are expenses that are clearly attributable to one cost object (a cost object being a specific output, a project, or a whole division, etc.). Indirect costs are those that are more difficult to fully assign to a cost object. Depending on the level at which the budget is being developed, the same direct and indirect costs may be defined differently. Within a division, costs are shared between its constituent departments; however, this can be aggregated up to provide a total divisional cost. A budget at the strategic level may only require the total cost of delivery for that division, but internally the direct and indirect costs of each department will need to be understood to enable the appropriate allocation of resources.

A full understanding of the direct and indirect costs of an organisation can be determined using activity-based costing (ABC). ABC represents the bottom-up component of a hybrid approach to budgeting and is an involved process that can be costly and time-consuming in its execution; however, in order to establish a baseline for the future budgeting of the organisation's operations, it is extremely useful and complements a zero-based budget approach.

The traditional approach to budgeting will divide the cost of overheads and other indirect input costs by the outputs. ABC seeks to quantify the costs of all the activities that produce the outputs, rather than only focusing on the cost of the outputs themselves. This is useful as several activities may be involved in the production of a single output and are likely to cost differing amounts. ABC allows senior management the opportunity to see the degree to which activities add value and exactly where the budget is being spent. This process should be carried out in collaboration with the organisation's operational planning.

Figure 7: Costing Approaches



Finally, using ABC may also facilitate future budgetary requests by providing accurate and comprehensive details of why money is needed and what can and cannot be delivered based on the value of the budget envelope.

It may become apparent that frequent budget shortfalls or delays are impacting the organisation's ability to deliver services. In these circumstances, organisations can establish different coping mechanisms to try to improve, supplement, or stretch their budget. Some useful examples taken from highly performing parastatals in Nigeria are covered in the following case study.

Case Studies 3 - 5: How to Secure Additional Funding

The NPHCDA addressed this issue through gaining extra financing from donors.

Securing external funding

The National Primary Healthcare Development Agency (NPHCDA) receives its budget from the Federal Ministry of Health. Frequently the lateness and quantity of the funds provided causes operational issues for NPHCDA. For example, NPHCDA requires N180m in order to procure the number of immunisations it requires, the budget allocated to them for this purpose is N50m – leaving a N130m deficit for this one area alone.

In order to solve this problem, the NPHCDA senior management team decided to contract the international company Deloitte to assist them with developing a financial strategy that would enable them to secure sufficient funding to achieve the organisations goals. Deloitte also developed the associated processes and systems that would be required in order for NPHCDA to achieve internationally recognised standards for financial management.

This method allowed the NPHCDA to approach international donors such as the WHO, UNICEF, and DFID with a robust financial management system in place that guaranteed transparency. They also used it to approach the private sector to gain partnerships, again being able to demonstrate that resources would be properly accounted for.

The NPHCDA continues to have Deloitte perform a yearly audit of their accounts and systems to ensure that standards are maintained so that they can continue to receive donor and private sector support.

The FIRS managed to secure agreement that it should retain a percentage of its revenue.

Raise and maintain revenue

Some organisation's mandate will provide it the opportunity to raise its own revenue, and developing this revenue can prove transformative for the organisation. The Federal Inland Revenue Service (FIRS) agreed with its line ministry that, given its mandate, becoming operationally independent would be beneficial. They agreed that they would be able to retain either a minimum percentage of its revenue (4%) if it performed poorly, or a substantial percentage if it performed well, in order to fund the organisation. Following the legal adjustments and agreements, not only did this provide it with the independence to set remuneration at a competitive level, but also provided a profit incentive to its operation since better performance resulted in more revenue being retained.

The EFCC used a strategic planning process to focus efforts on core activities that contribute most to achieving its mission, while cutting out less important activities.

Focus only on what is most important

When it is difficult to secure extra funding, operational continuity planning can help reduce the risk of delivering nothing at all. Understanding how every part of the operation contributes to delivering the mandate can allow an organisation to prioritise objectives. Resources can be diverted to those activities and outputs that form the critical path and delay or sacrifice activities that can be worked later. The Economic and Financial Crimes Commission (EFCC), when planning its strategic implementation, prioritises activities to ensure that it is clear from the outset where funds will be diverted from should the need arise.

Other good practice examples are presented in the table below:

Table 5: Examples of Coping Mechanisms

Coping Mechanism	Issue Mitigation	Description	Essential Requirements
Lean Operating Principles	▪ Insufficient budget allocation	Where budgets are tight, reducing costs can release resources to be reallocated to other areas where they might have more impact. Applying lean principles to organisational and workforce planning can reduce waste and help the organisation to deliver more	▪ Union consultation and buy-in ▪ Support from line ministry for change agenda ▪ Functional reviews of departments and performance management of individuals
Proactive Budget Management	▪ Late release of budget ▪ Insufficient budget allocation	Actively trying to increase the budget through engagement with senior stakeholders such as line ministries, the National Assembly, and the Office of the President	▪ Accurate figures and information shared on the total cost of delivery ▪ Professional presentations on why the money is needed, how it will be spent, and what cannot be delivered if funding is not increased

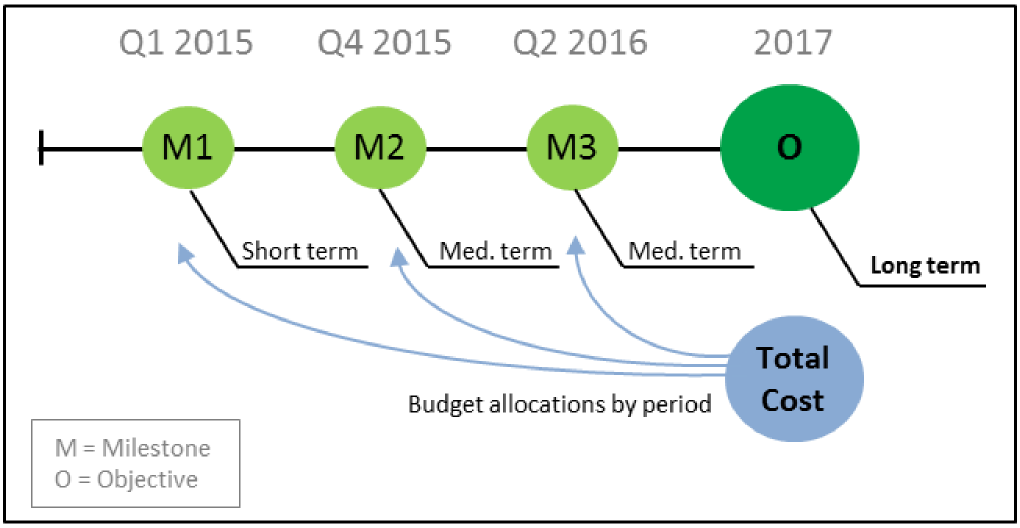
Budget Allocation

The allocation of the budget should be more accurate once senior management have an understanding of the cost of delivering the objectives of the organisation. The budget should be allocated to the relevant divisions to subdivide to their departments based on their total delivery costs and expected outputs.

This allocation must also consider time as a factor in deciding how resources will be shared. As part of the operational delivery of the organisation, senior and middle managers must establish the milestones that lead to the attainment of an objective, and so determine key performance indicators (KPIs) along the way. See Chapter 6 for details on establishing KPIs.

It may take several years to achieve an objective - building a road, for example - and so the related milestones will be time-bound, categorised into the short-, medium-, and long-term delivery windows. Budgeting must then also be time bound, with resources distributed in phases, see Figure 8 below.

Figure 8: High-Level Budget Allocation by Phase



Budgetary allocations (and therefore requests) should be in keeping with the expected date of delivery. For instance, requesting the resources to complete the entire objective in 2015 when final delivery is not anticipated until 2017 would be inefficient. In the case of this example, only the amount of money required for milestones one and two would be requested as this is all that would be expected to be spent during 2015. This is called phased budgeting.

A simple tool for managing this process is shown below; however, in practice the information entered for the immediate financial period should be more detailed.

Table 6: Phased Budget Log

Objective:	Objective 13						
Activity	**Budgeted Total Cost**	**2014 Allocation**	**Current Spend**	**Year Variance**	**2015 Indicative**	**2016 Indicative**	**2017 Indicative**
Activity 1	N 20m	N 5m	N 3.6m	N -1.4m	N 6m	N 5m	N 4m
Activity 2	N 30m	N 8m	N 6.4m	N -1.6m	N 10m	N 7m	N 5m

Delegation of Authority for Budgets and Outputs

In order to maintain budgetary discipline, it is important that authority for managing spend is delegated to mangers throughout the organisation down to whatever level the senior management team feels is appropriate, but certainly at least to departmental levels.

Managers should have personal authority for their budgets and this should be integrated into their performance appraisals (see Chapter 6 on performance management). This authority should include both appropriate use of their budget and accuracy of record keeping and reporting.

It is important that any budgetary responsibility aggregates upward, so that line managers are always expected to take responsibility for the performance of their staff. For example, a departmental manager will be responsible for the departmental budget but can delegate financial record oversight to a finance subordinate. Given that the department forms part of the wider division, it is the divisional manager who has ultimate responsibility but can delegate authority to subordinates. Budgetary responsibilities should therefore be considered when planning the organisation's structure.

Financial Performance and Reporting

Managers responsible for budgets should review the organisation's financial position every month and report to their line manager or a designated financial overseer, depending on which approach the senior management team feels best suits its organisation.

Key monthly, quarterly and yearly reports can be produced at a higher level of information for the senior management team on which they can base decisions, take corrective actions, and plan for the subsequent years.

5. Re-Structuring the Organisation to Enable Delivery

Organisational re-structuring can be an essential aspect of enabling an organisation to deliver better results. This section covers advice on carrying out functional analysis, process review, and re-structuring review.

It is likely that most organisations will need to go through several rounds of re-structuring as the context changes or as new policy goals and objectives come into effect. Re-structuring is considered by some parastatals to be one of their key strategies for ensuring success.

Case Study 6: Restructuring for Success

The National Agency for Food and Drug Administration and Control (NAFDAC) has been through several restructuring cycles in order to ensure that the operational structure of the organisation is efficient to deliver its mandated function.

Originally, NAFDAC began with six directorates but this was not sufficiently nuanced enough to enable service delivery. The first act of restructuring introduced an additional three directorates, bringing the total number to nine.

The initial set of changes proved to be transitory as NAFDAC embarked on further structural reforms in. This time, the organisation was set up into 14 directorates, with four serving as central functions such as HRM, and a further 10 technical directorates specialised in their given areas of delivery, such as the Food Safety and Applied Nutrition Directorate.

NAFDAC recognises that it must remain flexible and proactive in the face of new challenges or to better deal with existing objectives. To this end, NAFDAC has also established a new specialised reforms division to plan and facilitate changes in the future.

Organisations that have several or complex mandates are also likely to need to review their structure periodically to ensure that they are delivering as well as they can on their many objectives.

Proactively Seek to Improve

NDLEA considers that organisational and institutional development were essential activities in terms of improving its performance. The parastatal is required to address many disparate mandates and functions, including the demand and supply of drugs, money laundering, terrorism financing, and prosecution.

Organisational re-structuring can be a complex process and may be highly sensitive, especially if staff suspect that they may lose their jobs as a result of re-structuring. For this reason, many public sector organisations choose to bring in external consultants to carry out the re-structuring review and identify recommendations.

Sourcing Technical Help

NPHCDA used external consultants to carry out a full structural review to ensure that its operations were aligned to its strategy. The result of the review was a reorganisation of departments, followed by right-sizing. The parastatal chose to use this opportunity to undergo a period of right-sizing.

A review of a parastatal's structure needs to include the following steps and processes:

- Review of the mandate of the parastatal with approval of the Presidency/Federal Executive Council – the structure must be in line with the mandate (see section 5).
- Development of new statements of vision, mission, and core values of the parastatal (see chapter 2).
- Functional analysis – determining the core and non-core functions of the parastatal and its departments in relation to government's current policy thrust, streamlining of overlapping functions, and elimination of unnecessary ones (see below)
- Process review - to ensure that the necessary processes are being operated to deliver the specified outcomes or services. Processes can cross departmental and unit boundaries (see below)

Functional Analysis

A function is a special purpose, role, or task of a public institution assigned to it by a higher authority; in other words, a function is a duty specific to a particular department, unit, post, or job. The main types of functions are listed in the table below.

Table 7: Types of Functions

Function	Description
Policy functions:	Strategic planning, legal drafting, development of performance contracts, minimum standards, norms, policy analysis and evaluation, forecasting
Regulatory functions:	Certification, permissions, accreditation, and compliance
Executive functions:	Planning for service delivery and executing service delivery (providing materials and facilities, constructing and maintaining, and managing national funds)
Co-ordination functions:	Co-ordinating relationships between bodies involved in policy making or service delivery
Supervisory functions:	Such as monitoring the performance of subsidiary bodies and private or NGO service providers.
Revenue generating functions:	These are usually carried out by agencies such as revenue authorities and institutions such as a national post office, but other parastatals might include a revenue function if they charge for some goods and services.
Support functions:	Financial, human resource, and information management, infrastructure, staff training, and secretarial services. All public organisations require support functions.

Functional analysis has four main elements:

- Measuring the characteristics of a function, such as how much it costs, who are the customers, and what are their needs
- Evaluating the strategic objectives to ensure that functions are complimentary to the goals of the organisation
- Testing what should happen to the function to ensure no duplication or conflict of interest
- Proposing guiding principles that will determine how the remaining or any new functions will be organised into the recommended organisational structures

When carrying out a functional analysis, certain general principles are recommended, including the following:

- Group functions of the same type together for economies of scale and to maximise synergies
- Separate policy from service delivery functions
- Ensure that policy functions are generally performed by the central ministry (but there are exceptions: some parastatals set standards and norms and carry out forecasting)
- Separate regulatory functions from service delivery functions to prevent conflicts of interest and corruption
- Separate support functions (such as financial management, ICT, HRM&Dev) that enable the core functions of the ministry to be performed from all other functions
- Provide equal responsibility for directors, either in terms of volume of workload, span of control, or national importance of the function

The guiding principles suggest a range of possible recommendations for each function in a given parastatal. These include:

- Abolish the function because it is not required to protect public interests or there is no demand for them from the public
- Transfer the function to other institutions because there are greater synergies with other functions
- Reduce in quality or volume because they are not a priority function relative to the mandate of the parastatal
- Rationalise or merge with other similar types of functions to realise economies of scale, and/or to improve decision-making, communication, and service delivery
- Privatise by tender to the market for service provision (e.g., gardening, catering, cleaning, cars, etc.)
- Undertake by the core ministry (in effect, move back to the ministry)
- Retain the function

Once the functional analysis has been completed and recommendations produced, the next step is a process review.

Process Review

A process is a sequence of logically related activities, tasks, or procedures delivering a clear output that contributes to the achievement of a core function, service standard, or objective outcome.

The purpose of the process review is to map the processes necessary to deliver the core functions and strategy of the parastatal. There is frequently a large discrepancy between the actual processes in existence in the parastatal and those that are required. Experience suggests that there is typically no written procedure for core processes and that sometimes people involved with the same process use very different approaches. The process is at best inconsistent and difficult to record. In these cases, it really is a matter of deciding whether the process is legitimate and needed and, if so, mapping out the process steps anew. Finally, the poor design of many processes leads to a default position wherein only middle (or even senior) managers may take decisions with resulting bottlenecks.

A pragmatic approach to process review is recommended as follows:

- Focus on the key processes that impact most significantly on the service delivery of the unit
- Set criteria to choose the processes to be analysed, which may include level of impact, the frequency of execution, the number of beneficiaries, the complexity of the processes, etc.
- Agree a short list of the most important processes to be reviewed
- For each of these processes, record the current process (the 'as is') on a flowchart
- Carefully analyse each 'as is' process to identify whether it is fit for purpose or could be improved
- Identify the time the process takes and who is involved (including players outside the parastatal)
- Record any proposed improvements to the process on a new 'to be' flowchart
- Itemise the changes that would be necessary to implement the improved process, to assist the parastatal to take action

The flowcharts need not be complex. They should simply capture the information in such a way that senior management can understand the process. It is important that the revised process is shown alongside the existing process and that every significant change is identified, explained, and justified in terms of how it better aligns the organisation to fulfil its functions.

Re-structuring Analysis

Once the necessary functions and processes are defined and refined, the organisational structure can be reviewed. The three processes are interrelated. There is no one correct organisational structure - the design of an organisational structure is an exercise in finding the best match for the functions and processes necessary. Many criteria need to be considered in arriving at the best structure, and it is usually necessary to explore a number of iterations to fine-tune the structure. Some aspects to consider are ensuring that the structure:

- Reflects the role, relationships, and distribution of the functions of the organisation (e.g. who needs to work, co-ordinate, or communicate closely with whom)
- Achieves the desired balance of staff motivation, checks and balances, and accountability
- Provides for an appropriate 'span of control' (with between five to seven people reporting to any supervisor (although the span of control can vary widely depending on the nature of the work and at different levels in the organisational hierarchy)
- Operates with the minimum levels of hierarchy (i.e., as flat an organisation as possible)
- Facilitates efficient internal control and speed of response
- Fosters synergy of skills, expertise, or knowledge aligned to the core function or service areas
- Will comply with and, if possible, facilitate achievement of relevant gender and social inclusion equality targets

It is important that the proposed structure is shown alongside the existing structure and that every significant change is identified, explained, and justified in terms of how it better aligns the organisation to fulfil its functions. It is also important to detail how well it meets the other criteria defined above. A key output of the functional and structural review should be the description of proposed responsibilities and functions of each department or unit.

Re-structuring is usually time-consuming and often unpopular – it is disruptive of staff time and may be perceived as threatening given the outcomes are likely to include winners and losers. It is therefore best carried out with at least some external consultancy support, in order to caste an objective eye over different restructuring options. See the example from NCC below.

‘*When analysing our structure and processes in order to deliver our mandate and strategic goals, we recognised that in order to ensure success, we would require some additional support. Through procurement, we contracted international firm KPMG to help us examine our structure and processes and then facilitate the redesign process to enable us to deliver operationally’*.

- National Communications Council

6. Performance Management

Performance management concerns both the individual performance of staff and the performance of the organisation as a whole. As such, an organisation must first ensure that its operations are fully aligned with its strategic objectives. Performance management has been a priority concern of reform efforts in recent years, and a new performance management system policy, principles and guidelines are currently awaiting Federal Executive Council (FEC) approval. The intention is that the new policy would cover parastatals in addition to ministries and departments. If the policy is approved as currently set out, this section will be updated as and when operational guidelines are approved and rolled out.

Operational Delivery

Once the organisation has established its mission, formulated a strategy, set high-level objectives, organised its structure, and budgeted for delivery, it is time to plan delivery at an operational level. Without effective operational plans the strategy will never be properly implemented and the mission will not be achieved.

Case Study 7: Effective Use of Resources to Deliver Public Services

The Federal Road Safety Commission (FRSC) is a good example of an organisation that marshals its resources effectively to achieve service delivery by being resourceful, adaptive, and proactive. The FRSC has invested heavily in its own ICT infrastructure, employing 250 ICT specific staff, all of whom had to have recognised qualifications and experience relevant to their function.

The FRSC makes heavy use of ICT resources in variety of ways, for example FRSC scan all letters the organisation receives and stores them in electronic format, catalogued for quick reference and retrieval. Beyond this, it uses management information systems to collect and analyse data and then deploy its resources based on the results. Regular management meetings are held on a quarterly basis to review performance using the comparative data from previous time periods to set targets and review KPIs.

In order to enable it to do this financially FRSC:

- Leveraged existing resources
- Sought additional funding support

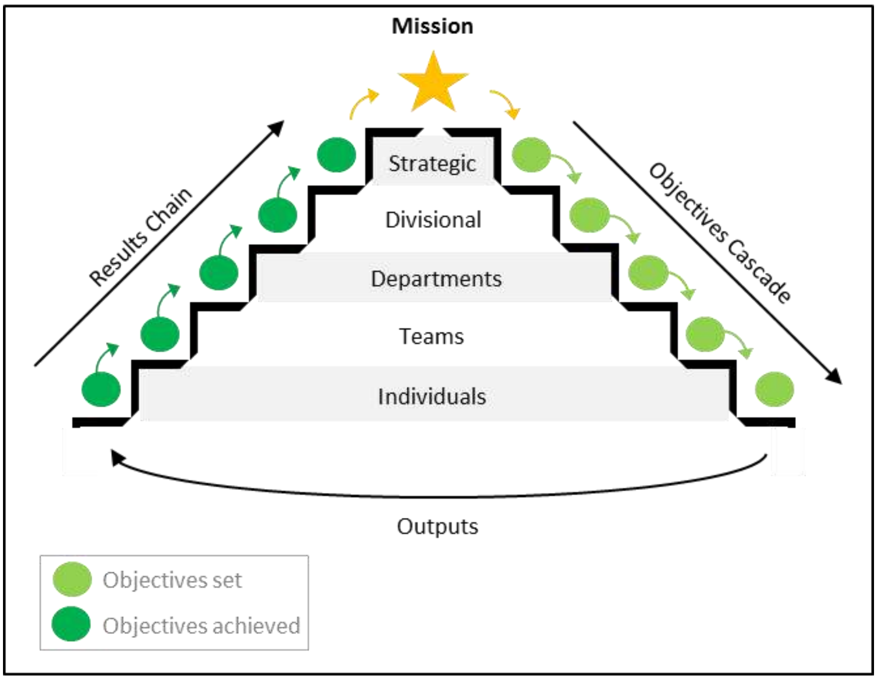
FRSC leverages government resources to control its costs. It looks to find out what licences the federal government has purchased and then gain access to any relevant software, such as Microsoft SharePoint or Oracle. In addition, it entered into an agreement for extra funding with the World Bank, which provided the FRSC with $10m for the purposes of improving its operational performance management systems.

Setting Objectives

Higher-level objectives will have already been set but these must now be cascaded to produce lower level objectives that will determine the required outputs of departments and teams.

Attainment of the objectives will form the organisation's results chain, with each level building toward the overall accomplishment of the mission goal (i.e. departmental objectives), which when achieved will all combine to deliver the divisional objective.

Figure 9: Objectives and Results Relationship



The process is the same as at the strategic level, objectives must developed using the SMARTER framework and they must link directly to higher-level objectives.

Operational Planning

Operational planning can be a complex procedure and will be more difficult depending on the number of processes (activities and tasks) that contribute to a given objective and the level of detail of the operational plans.

Operational plans are required to ensure that all activities undertaken contribute directly to the achievement of the organisation's mission. As operational planning is carried out, any processes found not to add value can be considered superfluous and cancelled to redistribute the resources where they will be of greater benefit.

Producing operational plans can be achieved by:

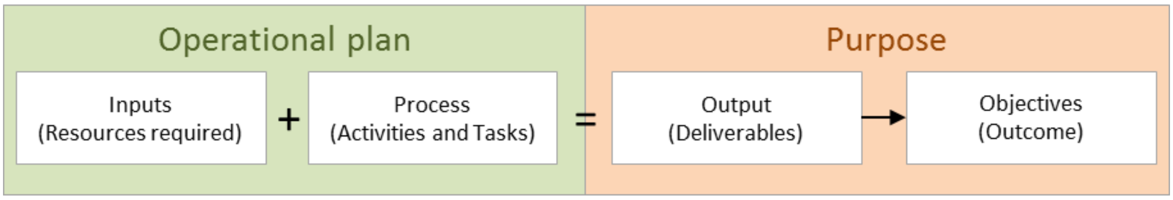
- Having a dedicated planning unit whose purpose is to put together organisation-wide operational plans, drawing on their own experience plus the knowledge of staff when required, in a mixed top-down, bottom-up approach
- Delegating planning to all managers to produce plans for their teams in a bottom-up approach

Either way the first step, as stated above, is to ensure that those who will be producing the plans understand their objectives, how they have been cascaded down, and how they contribute to the mission.

> *'Everybody knows why they come to work every day, they know their role and how it contributes…'*
>
> \- National Primary Healthcare Development Agency

The principle of operational planning is to identify the inputs and processes that are required to create a desired output (i.e., the purpose for carrying out the activity).

Figure 10: Operational Planning



A basic operational plan must identify the following:

Essentials Elements of all Operational Plans	
▪ Inputs	▪ Timing
▪ Ownership	▪ KPIs
▪ Processes	▪ Output
▪ Sequencing	

A framework can be used to ensure a standardised approach to operational planning, and an illustrative example can be seen below.

Figure 11: Example Activity Plan

Strategic Objective:								
Objective:								
Activity	**Owner**	**Inputs**	**Quantity**	**Cost**	**Outputs**	**Deadline**	**KPIs**	**Measure**

Every team, department, and division should have an operational plan, which will aggregate to form the organisations operations. By developing operational plans, it will also be easier for senior management to review where there is a duplication of activity or output and make decisions about how best to resolve this.

Setting Key Performance Indicators

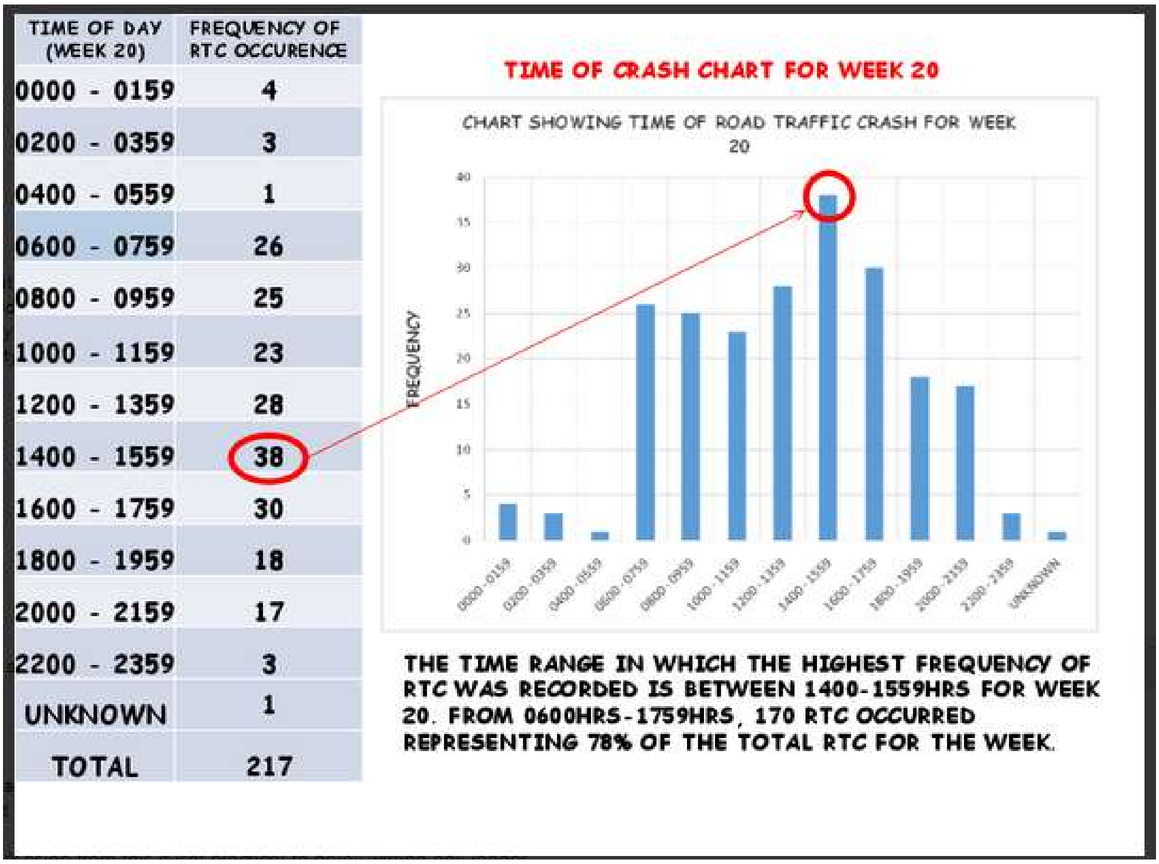
Setting meaningful KPIs involves identifying what success will look like, and then establishing how this will be measured. KPIs should be directly linked to both the objective of an activity and the strategy of the organisation.

If, for example, a department is trying to cut costs, KPIs are likely to be financial, focusing on X amount of savings by a given date. If efficiency is being prioritised, KPIs will probably focus on identifying input costs to the volume of outputs with targets for both. For example, efficiency-related KPIs could be based on an increase in outputs for a department but with no increase in inputs or they may be based on the expectation of a department to maintain current outputs whilst input costs are reduced.

The context (mandate, strategy, objectives, resources, operating environment) will influence the development of KPIs, but as long as KPIs are established using a SMARTER approach and also reflect the critical success factors of that activity and operation, they will be beneficial.

Information-Based Decision-Making

Information-based proactive decision-making is an approach to operational management that seeks to ensure that any decisions made are based on evidence drawn from within the organisation and are not arbitrary. For the information-based proactive decision-making approach to work well it requires two main contributors: first, the collection of good quality operational data from management information and systems and reporting procedures; and second, the implementation of a continuous performance improvement approach.



TIME OF DAY (WEEK 20)	FREQUENCY OF RTC OCCURENCE
0000 - 0159	4
0200 - 0359	3
0400 - 0559	1
0600 - 0759	26
0800 - 0959	25
1000 - 1159	23
1200 - 1359	28
1400 - 1559	38
1600 - 1759	30
1800 - 1959	18
2000 - 2159	17
2200 - 2359	3
UNKNOWN	1
TOTAL	217

This is an example of information-based decision-making from the Federal Road Safety Commission. Using this information, the Commission plan the allocation of resources by time of day.

Management Information and Reporting

A management information system (MIS) is computer-based software that collects relevant information about the operations of the business, which can then be used to assist with decision-making. One of the advantages of using a computerised MIS is that it can collect levels of detail at the lower operational levels and then package the data into essential statistics displayed on a dashboard for decision makers to quickly access, but it will always be able to provide the fine detail if required.

Top Tip

Look to see what software and hardware parastatals have access to under the licences purchased by the federal government. The Federal Road Safety Commission took this approach and made significant savings when modernising its IT software and infrastructure.

Implementing and using an MIS effectively requires sufficient IT equipment, MIS software, and training on its use. This can be considered an investment as the MIS can facilitate more effective evidence-based decision-making, resulting in better outcomes. If an organisation does not have a MIS already, it should consider this as a possible strategic objective.

A proper MIS system can handle and organise more information than a paper- or Microsoft Office-based reporting approach can. However, if an MIS system is not a possibility in the short-term, then ensuring that a solid and standardised paper- or Microsoft Office-based reporting structure is put in place can also improve the information senior managers have in order to make decisions.

Deciding what information is required in a report will depend on the activities and objectives of that part of an organisation, but as a minimum, the report should be aligned with the expected KPIs and outputs of the area of the business being reported on and should demonstrate what the reporting entity has currently achieved with relation to achieving its goals.

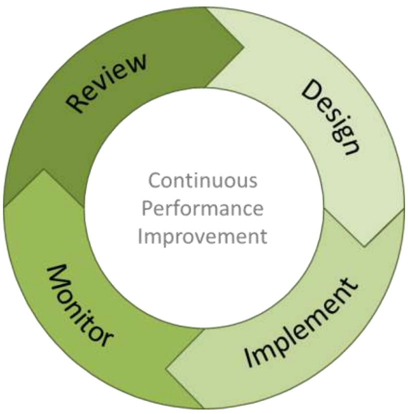
Whether using a MIS or a more bespoke approach to reporting, it is important to ensure that participation in the reporting process is tied to personal performance reviews and that managers deal with failure to comply with reporting responsibilities.

Continuous Performance Improvement

Continuous performance improvement (CPI) is an approach to operational management whereby the organisation ensures that it is constantly trying to increase good performance by reviewing its operations and reacting accordingly.

The CPI cycle consists of four phases, as demonstrated by the diagram below.

Figure 12: CPI



The **design phase** is when improvements are made to existing operations; these can be changes in processes, new systems, a change of deliverable, restructuring, more focused personnel performance management, or whatever is needed to improve delivery performance.

The **implementation phase** is when the changes are put into action (operationalised).

The **monitoring phase** is when the results of the implementation phase are collected. This does not necessarily have to be at the end of implementation and can be at set intervals during implementation. Internal standardised reporting processes should play the major role in the gathering of information, but it is also possible to have a dedicated team to focus on monitoring until it becomes standard practice throughout the organisation.

The **review phase** takes the results from the monitoring and evaluates them to determine success and failure. The results of this are then fed back into further design phases and will assist with future planning.

Personnel Performance

Every organisation is a sum of its individuals. If the organisation's personnel are not performing, the organisation will not perform. If some staff perform well and others do not, the organisation will never meet its full potential and moral and consequently productivity will eventually fall. Properly managing personnel performance is essential.

> *'The difficult part is the people, how you manage the people; processes can be designed, but this is the key (to success)'.*
>
> – Federal Inland Revenue Service

Clarifying Performance Management Framework

The first step in ensuring that performance management is carried out correctly is to clarify the current framework. This is likely to differ depending on the degree of autonomy the organisation has with regard to the management and remuneration of staff. Some organisations will have more leeway than others to determine what approach is most suitable for them.

The Federal Inland Revenue Service is an example of an organisation that has sufficient operational autonomy to implement a performance management system of its own design. It has a robust performance management system that seeks to provide an objective and accurate appraisal of staff performance to help improve business performance. The system works at all levels from the individual through teams and departments up to the organisation as a whole. The appraisals are carried out every three months, the results are moderated and examined, and staff are then rewarded for higher than average performance. Nepotism or cronyism is not tolerated in the process, and if there are reasonable grounds for suspicion, performance reviews can be rejected. In fact, FIRS management have previously rejected a performance appraisal exercise when it was apparent that results were not in line with known outputs, the appraisals were discounted and the results (and reasons why) circulated to all staff to demonstrate that the system was both transparent and robust in its execution.

Case Study 8: Improving performance assessments with 360-degree feedback

Some organisations are bound by the normal rules of the public service, but believe that doing the minimum required for performance management isn't sufficient to properly monitor and improve staff outputs. Those organisations (such as the NPHCDA) believe that performance feedback shouldn't be hierarchical and so encourage the use of 360-degree feedback. This involves seeking views on staff performance from a wide variety of individuals, including reporting officers, colleagues and clients, who may be either other public sector employees or private sector individuals such as contractors. The NPHCDA is currently beginning to implement a 360-degree feedback approach with some of its staff. This is an example of an organisation adding additional rigour to the process whilst remaining within the framework set out by the OHCSF.

Individual Performance Management

The performance management of individuals is similar to the performance management of the whole organisation and can be placed into three steps.

Step 1: Establish the Objectives

In order to succeed, the individual must have a clear purpose, have KPIs to be measured against, and the inputs they require to generate their expected outputs.

An individual's KPIs will depend upon the reason they are hired. All employees should have a job description setting out the objectives of their employment as well as their roles and responsibilities, and all positions should contribute to the overall mission of the organisation (see section 10).

Step 2: Review Implementation

It is the job of the line manager to monitor the performance of all staff in their team. All employees must be assigned to a line manager. How the line manager monitors the performance of the employee will depend on current performance management framework in place. Senior management must determine the most appropriate form of performance management for their organisation, but as a minimum the system must be:

- Transparent
- Standardised across all grades
- Objectives based
- Implemented impartially

Step 3: One-to-One Reviews

All employees should have a one-to-one performance management meeting with their line manager as frequently as the performance management framework dictates, but ideally this should be held twice a year.

Once step three is complete the process returns to step one.

There may also be variations depending on the results of the performance appraisal. If an employee is found the be underperforming, the manager may choose to set an intermediary review date before the next scheduled review in order to keep a closer eye on the individual's progress.

Rewards and Sanctions

Incentives and sanctions are useful tools in the management of staff. However, depending on the performance management framework the organisation uses, there may not be much flexibility with regards to rewarding or reprimanding staff.

Sanctions will need to be in line with the performance management framework and be legally permissible. Many highly performing heads of parastatals state that they are prepared to use the full range of public service regulations available to sanction employees. They mention the application of first warnings, then suspension, and finally dismissal for behaviour ranging from weak performance, corruption, and unethical practices.

There is more freedom when it comes to rewarding staff for good performance. Some parastatals choose to provide additional rewards as incentives. For example, the EFCC provides high performers with a clothing grant to ensure that staff look presentable, whilst the NPHCDA offers top performers the chance to win a laptop. More examples are given in the boxes below:

Case Study 9: providing rewards and benefits linked to performance

The EFCC carries out promotions based on performance and achievement. Staff who perform well receive rewards and benefits, and staff also get a clothing allowance as incentives.

The NCC similarly ties rewards and sanctions to performance. Staff must hit their targets before they can be considered for promotion. This practice is well known throughout the organisation.

Case Study 10: the best staff earn a trip to Harvard

The FRSC is active in staff performance management. Staff and departments are given targets to hit. Staff have to enter their daily activities into the MIS system and performance is tracked against individual targets and departmental KPIs. The top performers get a trip to Harvard to study, and if they are number one more than once, they are given a holiday to any country they like.

If the organisation believes that such rewards may help performance and morale and the costs are justified, then such approaches to reward may be worth considering. Other, more cost-effective rewards are also available and are proven to be effective at motivating staff. For example, an employee's productivity can be improved by utilising a variety of non-monetary incentives such as flexibility in agreeing working hours, attention and recognition from senior management, and offering practical experience for high performers in tasks or areas of their own choosing. Whether using monetary or non-monetary rewards, there are a few points that must be remembered:

- Rewards must be budgeted for and must not come at the expense of resources required for delivery
- Rewards should be given for exceptional service and not be a routine or scheduled give-away
- The money used for rewards is a public resource belonging to the citizens of Nigeria, as such rewards should be should be proportionate and appropriate
- Attitudes to non-monetary rewards are often influenced by age and gender and therefore it may be prudent to ask your teams about what non-monetary rewards they would like to see made available

Moulding Organisation Culture

Performance management is not just about the act of setting individual targets and then monitoring their outputs. Performance management also has a cultural component. In the same way as a society's culture can determine what actions are appropriate or otherwise, an organisation's culture can encourage positive or negative behaviours in staff and act as an invisible performance management tool. Organisations with positive cultural attributes often reap extra performance benefits, whereas those with negative cultural attributes suffer from poor discipline and morale.

> *'Organisational culture is critical to success'.*
>
> - Nigerian Communications Commission

It is important to allow your organisation's values and mission to influence the working culture positively. This can be facilitated by how staff are managed and led. Below are some examples of different types of positive cultural attributes and how they are fostered.

Table 8: Nigerian Parastatal Cultural Comparisons

Organisation	Culture Type	Description	Result
NPHCDA	Collaborative	NPHCDA management emphasises the 'partnership approach'. It stresses inclusiveness in decision-making utilising 'leadership committees' to make sure everyone has a say.	Strong buy-in and a cooperative team. Despite substantial changes, there was no trouble from the unions.
NAFDAC	Added Value	NAFDAC acknowledges that it cannot pay as well as some other parastatals or private sector businesses but mitigates this by emphasising the importance of the work. Their work saves lives and they all take pride in that.	Motivational team culture, proud to be part of NAFDAC
NCC	Corporate Professional	The culture of the NCC is closer to a private sector enterprise than a public body. There is an emphasis on target setting and capacity building. Here, professionalism is key.	Efficient and target focused team culture

7. Human Resource Planning

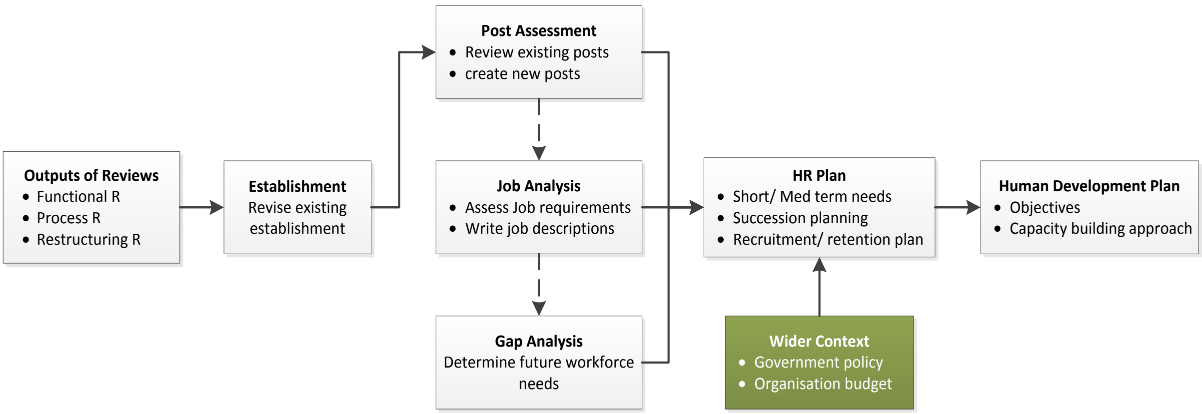
One output of the functional, process, and structural review will be the description of responsibilities and functions of each department or unit, and this should be taken as the starting point for human resource planning.

Effective people management and development is fundamental to achieving service improvement. MDAs must attract, retain, develop, manage, and motivate skilled people in order to keep pace with the increasing demands for high performance, improvement, modernisation, and efficiency. In this section we focus on what is regarded as the core challenge in human resources in parastatals today – namely, the proper planning of human resources.

The goal of the human resource plan is to get the right people, with the right skills, in the right jobs, at the right time. A comprehensive human resources plan should identify the strategies for building the relevant skills and capacity needed for organisational success. It should set out how the parastatal will recruit, support, develop, and retain the employees it needs for the future. It will also show where employees will need to move to new jobs to meet changing needs and priorities and, in some cases, where there will be redundancies.

The main steps involved are set out in Figure 13 below and are explained in the rest of this section.

Figure 13: Human Resource Planning



Revising the Establishment

The 'Establishment' is the list of posts approved for a ministry, department or agency (MDA) that is intended to enable the MDA to effectively and efficiently undertake its functions. It defines all approved posts, whether filled or vacant. The revised Establishment should define the posts, skills, and experience of staff needed to enable the parastatal to undertake its responsibilities once all reorganisation and reconfiguration of the structure, organisation, or functions of the parastatal have been approved or at least agreed.

In the revised Establishment, some posts may become redundant, new posts may need to be created, and others may need to be transferred to a different department. When posts become redundant and transfers within the parastatal or elsewhere in the public service are not possible, there may be considerable sensitivities around laying off staff. An example of dealing with this issue is presented in the box below, whilst another example is given in the penultimate box at the end of this section.

Case Study 11: Generous redundancy packages helped lay off 1000s of under-skilled employees

FIRS established minimum requirements for all staff. It performed an audit of staff, and all staff had to present their qualifications and prove their applicability for the role in a given time period. Staff that could not prove suitability were let go and received generous severance package to help them set up their own business or to support them whilst looking for a job. FIRS also improved the quality of training available to the remaining staff with the development of a bespoke training centre.

Having defined new posts initially on the basis of the functional review, process review, and re-structuring review, further refinements are required. Three processes are set out below for making these refinements.

Job Analysis

This is the process of assessing the characteristics, level of responsibility, competences, and experience required of a job. This includes analysis of:

- The tasks that make up a job
- The conditions under which they are performed
- Job requirements in terms of aptitudes, attitudes, knowledge, skills, and the physical condition of the employee

Job analysis should result in the preparation of job descriptions, which includes a list of the tasks, functions, and responsibilities of a post. Typically, it also includes the managerial reporting relationships of the post as well as specifications, such as the qualifications and experience needed by the person in the job. All positions should contribute to the overall objective and outputs of a team/department/division.

Good job design simplifies other important processes such as performance management and recruitment. It facilitates performance management by making it easier to set KPIs for an employee as the position's outputs are clarified. At the EFCC they are using better job analysis and design to move towards a competency-based performance management evaluation model to improve both transparency and outputs.

Thorough job analysis and design also improves recruitment efficiency by making it clear what is expected of a potential new employee and helps to ensure that candidates are suitable pre-appointment, reducing the ambiguity that can allow unqualified individuals the opportunity to enter the organisation. The FRSC uses a combination of job analysis and the support of an external recruitment specialist organisation to ensure their system is meritocratic.

'Job analysis doesn't just benefit our organisation, it is also important for the employees too. We believe it is essential that public servants at all levels understand how their jobs add value to the organisation, the public service and to Nigeria as a whole. Knowing how they are contributing can improve staff morale as well as improve performance in their role'.

- FRSC

Gap Analysis

Gap analysis and training needs analysis compares current workforce demography and capabilities with the workforce that will be required for future functions and responsibilities once revised structures and processes become operational.

Analysis of the Wider Context

The wider context needs to be analysed because human resource planning does not exist in isolation. Changes in organisational priorities, functional responsibilities, or processes used to undertake activities will all create changing demands on the staff of a parastatal. Additionally, the human resource plan must also respond to wider policy development and service goals of the federal government, as well as policies concerning recruitment and budget constraints.

Critical human resource planning questions are:

- Have the priority managerial skills that are needed for high performance been identified? (E.g., project and programme management, finance and planning, performance management, procurement, maximising the use of technology)
- Have the current and future occupational shortages been identified?
- Have the key generic skill gaps been identified across the organisation? (E.g., leadership, management development, customer care, health and safety, equal opportunities/diversity, etc.)?
- Have the potential future skills shortages/gaps been identified in relation to projected or expected changes to the workforce profile? (E.g., key occupational areas where there are large numbers of people nearing retirement or where there is high turnover, areas where skills needs are expanding such as technology)
- Have the potential future skills shortages/gaps been identified in relation to projected or expected changes in service delivery, working methods, technology, legislation, or government policy?
- Has the 35% female staff target required in the National Gender Policy been considered?

Preparing the Human Resource Plan

Once the needs and gaps are agreed, a human resource plan can be drawn up to address all the issues arising. This plan should consider immediate and medium-term staffing demands, which reflect any plans to increase the workload or breadth of responsibilities of the MDA. The plan should have clear objectives based on a staff management policy, including recruitment and training.

Recruitment and Retention Plan

A recruitment plan sets out what jobs are required over a set period of time and what recruitment actions the organisation will take in order to meet these resourcing needs. The recruitment and retention plan will usually include an overarching statement of specific strategies to be deployed in meeting the recruitment and retention needs.

> *'Recruitment is the key issue for long-term success. It must be meritocratic and not subject to patronage. Other work done in the civil service to improve performance won't have any demonstrable impact if the right people aren't recruited in the first place'.*
>
> - FRSC

In reality, there may be pressure to accept non-meritocratic candidates. Some parastatals have found ways to address this issue – see the boxes below.

Succession Planning

Succession planning involves identifying and developing internal personnel with the potential to fill key or critical organisational positions. It ensures the availability of experienced and capable employees who are prepared to assume these roles as they become available. Succession planning accelerates the transition of qualified employees to managers and leaders. It counters the increasing difficulty of recruiting employees externally and is very important for many parastatals that have very uneven workforce age profiles due to past freezes on recruitment. There are four stages to developing an effective succession plan:

- Identifying roles for succession
- Developing a clear understanding of the capabilities required to undertake those roles
- Identifying employees who could potentially fill and perform well in such roles
- Preparing employees to be ready for advancement into each identified role through
    - Mentoring
    - Formal and informal training
    - Opportunities (providing experience at a higher level)

Human Resource Development Plan

Preparing a staff development plan is the last key stage in the human resource planning process. It should be developed in the context of an overall training policy, which has established key principles and a framework within which capacity building and training can take place. The plan should summarise what skills, knowledge, competencies, and behaviours need to be in place within the organisation in order to achieve its objectives and how these will be met.

Elements of the plan will include the overall approach to learning and capacity building, who is to be trained, what they should be learning, what type of courses should be attended (long term, short term, etc.), where training should be carried out (on the job, distance learning, local workshops, state training institutions, national or international institutions), and how training should be followed up. The plan should have a timeframe and be costed.

It is also useful to focus part of the plan on ensuring that talent is available for an organisation's more strategic posts, where impact on organisational success may be longer- term. Training is mentioned as crucial by a number of parastatals as illustrated in the two boxes below.

> *'Training is taken seriously. We have a training centre, which is fully computerised. The training contains information to ensure that staff understand how their role contributes to the organisation's success.'*
>
> - FIRS

'We carried out a significant amount of alterations in order to better deliver our operational objectives. As part of this, we analysed our requirements and introduced a structured training plan for all staff, which would provide a solution to current skills gaps. Each employee has a training plan that allows them to better contribute to the organisation as well as improving their own skill set, ensuring that the investment is to the benefit to both employer and employee'.

- - NPHCA

Heads of parastatals face a number of practical challenges in human resource planning and development. Some organisations have established different coping mechanisms to try to address these challenges. An example from a highly performing parastatal in Nigeria that has addressed the challenge of under-skilled staff is given in the box below.

Case study 12: letting staff with wrong skills go and strengthened remaining staff

NBS inherited over 5,000 employees. Verification of workforce qualifications led to disengaging over 50% of staff. Entry level of GL8 for officer level was implemented as a minimum requirement. Disengaged staff received pre-retirement training, disengagement allowances, and cash benefits through support packages from the World Bank. The cheques and letters of disengagement were given at the same time to reduce the shock of losing jobs. Following a staff audit, employees were realigned based on skill sets and strengths.

Several heads of parastatals recognise the problem of patronage in recruitment and realise they must try to address it at least partially. One example is given in the box below.

Case Study 13: Undermining patronage by outsourcing recruitment

The FRSC outsources some of the recruitment assessment, so the majority of the roles are filled by competitive selection. It admits in all honestly that some degree of patronage will still be "unavoidable" but once the staff are in post, the 'fast movers' are the capability-based selected staff.

8. Financial Management

This section covers the main aspects of financial management, including financial accountability, financial reporting, internal control and audit. It makes reference to the main rules and regulations with which parastatals are obliged to comply.

Financial Accountability

There are various aspects and principles of financial accountability, with which parastatals must comply, such as the Nigeria Financial Regulations (2009), which provide operational rules and guidelines for day-to-day management of financial activities. The Financial Regulations (FR) set out, among other matters, the roles, responsibilities, and duties of heads of agencies and their 'accounting officers', who are defined as 'the Permanent Secretary of a ministry or the head of extra-ministerial office or other arm of government who is in full control of, and is responsible for human, material and financial resources which are critical inputs in the management of an organization' (Chapter 1, section 111). The main functions and duties of the accounting officers are set out in the box below.

Nigeria Federal Government Financial Regulations Act, 2009 Edition

Chapter 1, Clause 112

The functions and duties of the Accounting Officer are:

a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency;
b) ensuring that the essential management control tools are put in place to minimise waste and fraud;
c) rendering monthly and other financial accounting returns and transcripts to the Accountant -General of the Federation as required by the Financial Regulations;
d) ensuring the safety and proper maintenance of all government assets under his care;
e) ensuring personal appearance before the Public Accounts Committee to answer audit queries to ministry/extra-ministerial department or agency;
f) ensuring accurate collection and accounting for all public moneys received and expended;
g) ensuring prudence in the expenditure of public funds;
h) ensuring proper assessments, fees, rates and charges are made where necessary;
i) ensuring internal guides, rules, regulations, procedures are adequately .provided for the security and effective check on the assessment, collection and accounting for revenue;
j) ensuring that any losses of revenue are promptly reported and investigated;
k) ensuring that all revenue collected are compared with the budgeted estimates with a view to highlighting the variances, positive or otherwise and the reasons for them; and
l) ensuring that any revenue collected are not spent, but remitted to the appropriate authorities promptly.

Good practice in accountability, as recommended by the UK Cabinet Office for Non Departmental Public Bodies[11], includes both statutory accountability and accountability for public money.

[11] ibid.

Statutory Accountability

Statutory accountability concerns compliance with all applicable statutes and regulations. Section 3208 of the Financial Regulations stipulates that, except where the enabling Act relating to a particular parastatal provides otherwise, the provision of the Financial Regulations shall apply. Also where any provision of the Financial Regulations conflicts with the Act relating to any particular parastatal, the immediate advice of the Accountant General should be sought. There are also statutes and regulations relating to the public service in general, and each parastatal should ensure that it is compliant with these rules.

Accountability for Public Money

The accounting officer of the public body is personally responsible and accountable to the National Assembly (NASS) and its committees (for example the Public Accounts Committee) for the use of public money by the parastatal and for the stewardship of assets. Section 3202 of the Financial Regulations specifically state that the Chief Executive of a parastatal is the Accounting Officer of the organisation, and therefore he or she has responsibilities for human, material and financial resources which are critical inputs in the management of the organisation.

Chief Executives are personally liable for any breach or contravention of provisions of Section 113 of the FR, whether or not such breach or contravention was caused by them in person, their subordinates or any person to whom they may have delegated their responsibilities.

The Chief Executive may have a Political Head (i.e. the Chairman of the governing board). Any directive to the Accounting Officer (i.e. Chief Executive) by a Political Head, which has financial implications on the parastatal, should be in writing. Should the implementation of a directive from a Political Head result in an unauthorised expenditure, and/or contravene extant rules and regulations, the Accounting Officer will be responsible for any unauthorised expenditure unless a specific report has been made by the Accounting Officer to the Minister.

Effective financial management is a prerequisite of proper accountability for public money. Therefore, the Chief Executives of parastatals must ensure that effective systems and procedures comply with relevant government accounting policies and standards. There is an established system of payment for authorized purposes with evidence that works were done, goods supplied or services rendered.

Chief Executives should also ensure that the parastatal is linked to the Government Integrated Financial Management System (GIFMIS); has joined the Federal Government Treasury Single Account and, where the Act establishing the parastatal allows for operation of independent bank accounts, the organisation obtains the Accountant General's approval for all its bank accounts in line with the provision of the FR; implements the E-payment system for settlement of all transactions; and accurately remits revenue (as E-Remittance) generated to CRF in accordance with extant rules and regulations.

In addition, the supervising ministry should ensure that its parastatals have sufficient and appropriate management and financial controls to safeguard public funds. The supervising ministry in exercise of its power should not interfere in the finances of the organisation by virement of its subvention or by requests for guest houses, fleet of cars and financial cover for estacodes of the ministry staff.

Financial Reporting

Chief Executive Officers of the parastatals should submit a Statement of Account on a monthly basis to the supervising ministry, showing the receipts of funds from government for personnel, overheads and capital. The Statement should also show the actual expenditure classified into personnel, overheads and capital. Financial reports (monthly, quarterly and annual) should be reviewed at the meetings of the senior management and governing board to reflect on the level of progress towards strategic goals, with strategy being adjusted as required. Senior management should understand and carry out their respective roles in the financial reporting structure of the parastatal (board, supervising ministry, National Assembly and public) within the timeline stipulated in extant rules, regulations and circulars.

The Statement of Accounts for each financial year should be submitted to the External Auditor within two months after the end of the financial year. The Chief Executive should ensure that the financial accounts submitted to the External Auditor are prepared in accordance with generally accepted accounting practice and standards.

Internal Controls

Parastatals must take steps to ensure that effective systems of risk management are established as part of the systems of internal control, including an effective internal audit function. There must be appropriate financial delegations in place. The sponsoring department, board members, senior management team, and relevant staff across the public body should understand these financial delegations. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.

There must be effective anti-fraud and anti-corruption measures in place. There must also be clear rules in place governing the claiming of expenses. These rules should be published and there should also be effective systems in place to ensure compliance with the rules. Parastatals should proactively publish information on expenses claimed by board members and senior staff. The annual report should include a statement on the effectiveness of the existing systems of internal control.

Parastatals should establish internal financial control system (including internal audit capacity) that ensures:

(a) adequate safeguards for the prevention or the prompt detection of fraud and loss of cash; the control of the collection of revenue is adequate and that all moneys received are promptly and accurately brought to account under the correct account codes;

(b) the control of expenditure is adequate and that all payments made are properly authorised for the correct amounts and that they are paid to the right persons, classified to the correct code and made for the purpose for which they were authorised; and

(c) the control of issue and consumption of stores is adequate, by making sure (i) that all issues are properly authorised, (ii) that issues are made to the right persons for the purpose for which they must have been authorised, and (iii) that adequate stores records are maintained.

Furthermore, parastatals should ensure that the internal control system addresses all key risk areas. To achieve this effectively, parastatals should develop a comprehensive internal audit manual that will be rigorously applied by the managers to monitor and evaluate financial transactions and operational processes and procedures and propose improvements to the organisation. The internal audit and control staff should have the required expertise and experience in reviewing financial and business process records (where there is a capacity gap, suitable training and other measures, such as recruitment of additional staff, must be made available by senior management). As well as ensuring that the financial and business process records are accurate, there should also be in place adequate means for the verification of all cash, stores and assets held.

The supervising ministry must ensure that the parastatal makes suitable arrangements for internal audit and control functions.

Audit Committee

The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.

External Auditors

It is the responsibility of the Governing Board of each parastatal to appoint an External Auditor who shall audit and report on the affairs of the organization to the Board. It is the responsibility of the Auditor-General to provide a list of External Auditors qualified to be appointed by parastatals and guidelines on the level of fees to be paid to External Auditors. The parastatal should take steps to ensure that an objective and professional relationship is maintained with the external auditors. The External Auditor should submit the Audited Accounts and Management Report to the Governing Board of the parastatal within the stipulated time indicated in the signed contract agreement. The Chief Executive Officer should submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant General not later than 31st May of the following year of Account.

9. Procurement

Public procurement rules

Public Procurement is the acquisition of goods, works, and consulting and non-consulting services by a public sector organization. According to some estimates, public procurement accounts for accounts for over 70% of the government's total budget and therefore affects the efficiency of public spending and the opportunities to improve the quality of life for Nigerian citizens.[12]

Goods are defined as objects of every kind. Description of goods includes raw materials, products and equipment and objects in solid, liquid or gaseous form, utilities such as electricity as well as services incidental to the supply of the goods.

Works are defined as anything associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or works, such as site preparation, excavation, erection, building, installation of equipment or materials, decoration and finishing, as well as services incidental to construction, such as design, drilling, mapping, satellite photography, seismic investigation and similar services pursuant to the procurement of contract, where the value of those services does not exceed that of the construction itself.

Consulting Services can be defined as the provision of intellectual or complex professional services by a firm or individual.

Non-Consulting Services is the provision of non-intellectual and routine support services by individuals or firms.

The correct categorization of public procurement is important because the applicable procurement methods, timing and applicable thresholds differ for each category.

All parastatals are expected to adhere to the rules set out in the Public Procurement Act (PPA), 2007. The objectives of the PPA are to harmonise existing government policies and practices on public procurement; to ensure probity, accountability and transparency in the procurement process; and to attain competitiveness and professionalism in the public sector procurement system. The fundamental principles of the Nigeria Public Procurement Act are captured in Section IV, 16-1. See the box below:

[12] see http://assemblyonline.info/nigerias-public-procurement-act-2007

Nigeria Public Procurement Act 2007

Part IV Fundamental Principles for Procurement – Section 16, 1
Subject to any exemption allowed by this Act, all public procurement shall be conducted:
(a) subject to the prior review thresholds as may from time to time be set by the Bureau pursuant to Section 7(1) (a)-(b);
(b) based only on procurement plans supported by prior budgetary appropriations and no procurement proceedings shall be formalised until the procuring entity has ensured that funds are available to meet the obligations and subject to the threshold in the regulations made by the Bureau, has obtained a "Certificate of No Objection to Contract Award" from the Bureau;
(c) by open competitive bidding;
(d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom;
(e) with the aim of achieving value for money and fitness for purpose;
(f) in a manner which promotes competition, economy and efficiency; and
(g) in accordance with the procedures and time-line laid down in this Act and as may be specified by the Bureau from time to time.

Every organization keen to minimize its fiduciary risks will pay close attention to its procurement activities. This assessment focuses on areas of risk that should be addressed and mitigated in the course of carrying out service delivery objectives in the public sector.

The guiding principles of public procurement are openness, competition, accountability, fairness, transparency and value for money. Bidding opportunities must be made available to all stakeholders in a manner that is equitable, cost effective, fair and transparent.

The 2007 Public Procurement Act provides the legal framework and provisions for all procurement in the public sector. The Bureau of Public Procurement (the regulator) has developed tools such as Procurement Regulations, Guidelines and Standard Bidding Documents that provide guidance on the practical application of the provisions of the law.

Procurement structures in parastatals and government agencies

Successful public procurement units or department in organizations must have systems, procedures and experienced personnel that are responsible for executing the procurement activities. The challenge for most government agencies is how to get trust-worthy procurement professionals to manage procurement activities, especially when the organizations are not responsible for the recruitment of staff. Apart from procurement capacity, the other issues that affect the effectiveness of public procurement include political interference from within and outside the organization, the user department's desire to dominate the procurement process and procurement staff's personal conflict of interest situations.

A successful manager must understand these dynamics and endeavor to provide an enabling environment that has proper internal controls so that the procurement system can work effectively and efficiently. There must be commitment to improving the skills of staff by ensuring that they undergo ongoing, high quality training for professional development in procurement and contract management.

Procurement Planning

Annually, each organization is expected to prepare its budget and procurement plans that will be used to implement the budget. A procurement plan is a tool that details proposed procurement activities, and sets out the category of procurement, procurement method, costs, approvals needed, and milestones for the completion of activities. The Bureau of Public Procurement (BPP) has provided a template for planning all categories of procurement. A good procurement plan must be updated regularly to demonstrate progress made in the course of the year. This makes the procurement plan an effective management tool that can be used to monitor progress in service delivery and can assist timely identification of risks. For example, risks of 'contract splitting' (i.e. where contracts are deliberately broken down into several separate contracts purely in order to stay below the financial threshold and thereby avoid having to go out to competitive tender) and abuse of procurement methods will be reduced if all stakeholders have access to the procurement plan. It will be obvious to concerned parties when activities that were meant to be advertised in the newspapers are only placed on the organisation's notice boards, or not advertised at all.

Another key area of planning is carrying out market research, including on new developments relating to what is to be procured, and statistics about successful procurements, to ensure that the user and procurement units acquire information on current market prices, the latest technology and available alternatives. At times, it can be helpful to invite potential suppliers to a workshop at which the parastatal sets out its requirements and it learns about the competencies of suppliers, prior to launching a tender.

Competition

The PPA states that the open competitive method is the default method of procurement. This means procurement activities above the prescribed threshold must be advertised in the Federal Tenders Journal, Website and newspapers of national circulation to inform all qualified bidders who wish to participate. Some organizations continue to practice the use of restricted methods of procurement (such as direct contracting, sole-sourcing and requests for quotation, and procurements that ought to be advertised in the Procurement Journal and National Newspapers are only advertised on the organization's notice boards), even for large contracts, contrary to the provisions of the PPA. As a result, they increase the risks of misconduct and sanctions. The PPA and the procurement guidelines recommend the use of competitive procurement methods such as International Competitive Bidding, National Competitive Bidding and Limited International Bidding for high value goods, works and non-consulting services. The procurement methods recommended for high valued consultancies include the Quality and Cost Based selection, Quality Based Selection and Least Cost selection. A more comprehensive list and explanation of all these terms are available in the PPA. The procurement methods mentioned above are not exhaustive but managers must be aware of available alternatives in order to ask pertinent questions.

Effective and transparent leadership is essential to enforcing the procurement rules. Enforcement of declaration of conflicts of interest by all staff is critical. Moreover, internal audits and random due-diligence checks on the ownership of businesses the organization engages with may reveal issues. Finally, willingness of management to enforce prescribed sanctions on staff and debarment of contractors and consultants will, in time, reduce these occurrences.

Bid Opening

The opening of the submitted documentation may be public or non-public:

- **Public Opening –** If a public opening method is chosen, the submitted documents should be opened publicly in the presence of authorized individuals at the time and place indicated by the contracting authority.

- **Non-public Opening** – If a non-public opening method is chosen, the submitted documents should be opened in the presence of the evaluation panel members only.

Transparency can be defined as timely, easily understood access to information. Transparency in relation to bid opening assists in ensuring that any deviations from fair and equal treatment are detected very early, and makes such deviations less likely to occur. It protects the integrity of the process and the interest of the organization, stakeholders, and the public.

Evaluation Process

This is the process by which a qualified panel or responsible committee receives, opens and evaluates the requested documentation from potential contractors and consultants. The evaluation process is a complete review of the received proposals based on pre-defined and pre-disclosed evaluation criteria. The criteria should be comprehensive enough to determine the lowest responsive evaluated bid for the public body so that a recommendation for award can be made. Those involved in the process must maintain integrity and professionalism in all aspects of the evaluation. All submissions received must be kept secure during the evaluation process. The confidentiality of the submitted documents must also be maintained subject only to applicable public procurement law.

The following receipt and opening process details the traditional approach for receipt and opening:

Receipt – Upon receiving the requested documentation, the contracting authority must:

1. Commit to not disclosing any information acquired during the evaluation process to potential suppliers or to any other persons not officially involved in the evaluation process.
   In addition:
2. The requested documentation must remain unopened and secured in a safe location until the established time for opening such information has been reached.
3. Before opening, information concerning the identity and number of submissions received shall be made available only to government employees. Such disclosure shall be only on a "need to know" basis.
4. Submissions received after the established deadline may be rejected and returned unopened to the bidder/ proposer who submitted them and a record made of this decision. The bidder/ proposer is allowed to revoke their submission prior to the

5. Closing date. Should this occur, the submitted documentation should be returned unopened to the bidder/ proposer.

Record Keeping

The procurement unit must keep a good record of every procurement activity for audit purposes. The PPA requires that these records be kept for ten years. Each procurement activity will have its own file where documents initiating the procurement process and those generated for all stages of the process are filed. This file must contain the following:

I. Documentation on the approvals to commence the procurement process;
II. bid solicitation documents;
III. copies of the advertisements;
IV. records of bids sold;
V. documentation of clarifications sought by bidders and the organization's responses to all bidders;
VI. records of all bids received;
VII. copies of bid securities;
VIII. documentation on bid clarifications sought by evaluation committee;
IX. evaluation reports and approvals;
X. notification of awards;
XI. contract agreements;
XII. Advance payment guarantees and performance securities;
XIII. Progress and completion documents.

Space constraints makes it necessary for each organization to establish an electronic or digital archival system that can hold all the documents for the ten year period required by the PPA.

Contract Management

Many organisations think the work of the procurement officers terminate when a contract is signed. Even when the contract has been signed, the process has not finished. Time and resources need to be allocated to managing the contract. Managing contract delivery involves monitoring and evaluation – the results of which can be used to draw lessons for future public procurement procedures, contracts, projects, and policies. Effectively managing a contract is of pivotal importance in the acquisition of complex goods, works and services.

Therefore, it is useful to have a robust contract management regime planned as early as possible in the procurement process, so that both parties understand their respective obligations. It is desirable for the contract to establish mechanisms for a smooth execution of the assignment and include procedures for addressing and resolving disputes.

Administrative Review and Complaint Handling System

The organization is expected to implement procedures for the resolution of procurement complaints in accordance with the PPA. It is beneficial for the organization to:

- develop a step-by-step guide or flowchart for procurement complaints and appeals;

- maintain records in a filing system (database) of all procurement complaints and appeals;
- resolve procurement complaints and appeals within the statutory period;
- give the public access to documents and/or data related to resolution of procurement complaints and appeals.

10. Governance

This section covers the key principles of good governance, including transparency, service compacts, anti-corruption, the role of parastatal boards and good leadership, which is a prerequisite for establishing and maintaining principles and practices of good governance. A core aspect of good governance is financial accountability, which is covered separately under the previous two chapters to give it greater weight, i.e. Financial Management (Chapter 8) and Procurement (Chapter 9).

Corporate governance is: 'the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation[13]'.

Good corporate governance is central to the effective operation of all public bodies. Pillar 1 of the NSPSR is 'An enabling governance and institutional environment'. The development objective of this pillar is set out below:

To create a governance and institutional environment that enables public service institutions to deliver public goods and services in accordance with their mandates, and with integrity, transparency and accountability.

Governance arrangements and systems need to be strengthened as part of the drive to improve management in parastatals. The controls, processes, and safeguards in place should be assessed against the rules, principles, and good practices set out in this section. They reflect either existing regulations, good practice from elsewhere, or upcoming reforms expected to be in place shortly through the NSPSR, the intention of which is to ensure that all public bodies are made more accountable and transparent, and that corruption is no longer tolerated.

Principles of Good Corporate Governance

Transparency

Transparency is widely recognised as a core principle of good governance. Essentially, transparency promotes openness of actions in decision-making processes, and consultative processes with relevant stakeholders. It means sharing information and acting in an open manner. Free access to timely, relevant, and accurate information is a key element in promoting transparency.

Transparency is also helpful for heads of parastatals to demonstrate that they have not succumbed to corrupt acts and other malpractice. In the words of one parastatal head:

[13] UK Cabinet Office, June 2011, Guidance on Reviews of Non Departmental Public Bodies

> *"We are very high profile as a parastatal and we communicate extensively through our website on which customers can give views. There is some risk that this can lead to political blackmail, but it's important to have evidence [that the parastatal has not engaged in any wrongdoing] and publish it. The principle here is to make information available so people won't think you are trying to hide anything".*
>
> - Public Procurement

Furthermore, transparency improves the profile of an organisation and can increase the opportunity to access external funding.

The enactment of the Freedom of Information Act (2011) (FOI Act) was a watershed in the struggle to incorporate transparency in the Nigerian public sector. In fact, FOI makes transparency a potent tool for controlling corruption in public life as it serves to ensure prudent resource management.

The FOI Act is one of the most important general regulations in place to ensure both transparency and accountability. The Act requires all public bodies to keep and maintain records and information about their activities in accessible form and to publish and widely disseminate information about its organisation as well as lists of the records, files, reports, and other materials so that they may be accessed by the public. See the box on the next page.

The Freedom of Information Act 2011 (FOI Act) aims at making public records and information more freely available, provide for public access to public records and information, protect public records and information to the extent consistent with the public interest and the protection of personal privacy, protect serving public officers from adverse consequences of disclosing certain kinds of official information without authorisation and establish procedures for achieving these.

Chief Executives of parastatals should be aware that applicants (customers or citizens) for information need not demonstrate any specific interest in the information being applied for. But more importantly, any person entitled to information shall have the right to institute proceedings in the Court to compel any public institution to comply with the provisions of the Act. Section 2 of the Act specifies the information to be published for the benefit of the wider society. The Chief Executives are to note that information include all records, documents and information stored in whatever form including written, electronic, visual image, sound, audio recording.

Freedom of Information Act Section 2: Information about Public Institutions

1. A public institution shall ensure that it records and keeps information about all its activities, operations and businesses.
2. A public institution shall ensure the proper organization and maintenance of all information in its custody in a manner that facilitates public access to such information.

    a) A description of the organisation and responsibilities of the institution including details of the programmes and functions of each division, branch and department of the institution;
    b) A list of all:

        i. Classes of records under the control of the institution in sufficient detail to facilitate the exercise of the right to information under this Act, and
        ii. Manuals used by employees of the institution in administering or carrying out any of the programmes or activities of the institution;

    c) A description of documents containing final opinions including concurring and dissenting opinions as well as orders made in the adjudication of cases; [full list of documents given in Act]
    d) A list of:

        i. Files containing applications for any contract, permit, grants, licences or agreements,
        ii. Reports, documents, studies, or' publications prepared by independent contractors for the institution, and
        iii. Materials containing information relating to any grant or contract made by or between the institution and another public institution or private organisation;

3. A public institution shall ensure that information referred to in this section is widely disseminated and made readily available to members of the public through various means, including print, electronic and online sources, and at the offices of such public institutions.
4. A public institution shall update and review information required to be published under this section periodically, and immediately whenever changes occur.

Furthermore, an information request should be made available within 7 days after the application is received. This time limit can be extended under certain exceptions. A denial of information, which is not justified, attracts a fine of N500, 000 (Five Hundred Thousand Naira). No information should be denied where the public interest in disclosing the information outweighs whatever injury that disclosure could cause. However, application can be denied when the request deals with personal information (unless the individuals consents to disclosure or information is publicly available). Other exemptions also exist. For example, any application for information may be denied when it is subject to the following privileges: legal-practitioner client privilege, health workers-client privilege; journalism confidentiality privilege, and any other professional privileges covered by the Act.

The FOI Act does not extend to: (a) published material or material available for purchase by the public; (b) library or museum material made or acquired and preserved solely public reference or exhibition purposes; and (c) material placed in the National Library, National Museum or non-public section of the National Archives.

It is the responsibility of the Chief Executives to provide appropriate training for their staff on the public rights to access information or records held by their parastatals for effective implementation of this Act.

The FOI Act requires that a report should be made to the Attorney General of the Federation on or before February 1 of each year. This report should cover the preceding fiscal year and it shall inter alia include (a) the number of determinations made not to comply and reasons for such determinations; (b) the number of appeals made by persons and the reasons for the action upon each appeal that results in a denial of information; (c) the number of applications for information received and number processed; and (d) the number of full-time staff devoted to processing applications for information and the total amount expended for processing the applications.

Good communication reinforces transparency

The preceding sections underscore the importance of communication. Good communication serves many functions and further reinforces accountability and transparency. Internally, communications will facilitate both operational delivery as well as change management activities.

> *'We publish the work we do widely to stakeholders and to the public to gain buy-in. Publishing reforms publically also helps to recruit the right people'.*
>
> \- EFCC

Certain regulatory requirements mentioned above (e.g. Freedom of Information and SERVICOM) require good communication and information technology. Some parastatals have commented on measures they have taken to overcome staff challenges to using IT. See Case Study 8 below.

Case Study 14: We reward ICT use

The FRSC cites several measure taken to improve use of ICT in its organisation:

- Incentivising the use of IT systems by forcing use, and also rewarding use. Key information prior to the management meetings is distributed through SharePoint and email. If staff do not use IT systems, they are at an obvious disadvantage and cannot review the materials in advance in the actual meeting; they haven't got as much to contribute and that is noted.
- When it comes to promotions, staff must go online to download the questions, complete the questions, and then upload them. Without being computer literate, they cannot even take the test. This is the only method to take the promotion exam.
- Put 'read receipts' on all emails and then track these to see who is using their emails or not (this required that staff use a specific FRSC webmail).

The FRSC has taken many steps to improve communications, which predominantly involve ICT. These include publishing a monthly e-magazine, which carries stories relevant to the organisation. They also have a Facebook feed, which they update with information frequently, and a Twitter account, which is also used to update the public. These uses of social media are good examples of a less expensive method of mass communication. Other parastatals use different mediums to communicate to wider stakeholders; for example, FIRS utilises billboards to raise public awareness.

Good communication also reduces hurdles and challenges. The Bureau of Public Procurement considers it is important to communicate closely with both internal and external stakeholders to ensure greater efficiency and effectiveness. When it was discovered that many departments and agencies did not have scanning facilities, they asked the PS in their parent ministry to send a letter to other ministries to request that they provide scanning facilities at all levels so that procurement requests can be quickly scanned and sent to the Bureau of Procurement. The Bureau also holds workshops for external contractors to explain the procurement rules and their responsibilities. In the words of the DG of Public Procurement: 'My job is easier when they know the rules'.

Service Delivery Compacts

Line Ministries deliver most of their services to the public through their parastatals. The functions of line ministries are confined to establishing policy and regulatory frameworks for the effective operation of parastatals. Service delivery is therefore the *raison d'etre* of many parastatals (although some parastatals have other functions, such as oversight, advisory or other).

SERVICOM is a presidential reform initiative conceived of as the engine for improving service delivery. It was driven by the Government's commitment to deliver citizens' expectations of service delivery. It is an important tool for ensuring transparency and accountability in public services. SERVICOM is a service agreement between the federal government including all its organs) and the Nigerian people. The acronym is derived from the words SERVICE COMPACT. The broad objectives of SERVICOM are *inter alia* to: provide quality service to the people; set out the entitlement of the citizens; ensure good leadership; educate the citizens (customers) on their rights; empower public officers to be alert to their responsibilities in providing improved, efficient, timely and transparent service. This agreement gives Nigerians the right to demand good services. Details of this right are contained in SERVICOM charters in all government agencies where services are provided to the public. These charters inform the public of what to expect and what to do if the service fails or falls short of their expectations.

The SERVICOM Office is responsible for the following:

- Coordinating the formulation and operation of service charters of ministries, departments and agencies;
- Monitoring and reporting to the president on the progress made by ministries and agencies in executing their responsibilities under SERVICOM;
- Conducting Independent Surveys of the services provided to citizens by the Ministries and Government Departments, their 'adequacy', their 'timeless' and 'citizen satisfaction'.

SERVICOM operates through a network of Ministerial SERVICOM Units (MSUs) headed by Nodal Officers supported by three Desk Officers (Charter Desk Officer, Service Improvement Officer and Customer/Complaints Desk Officer). The Unit reports its activities to head of the ministry or parastatal.

However, following the restructuring of the OHOCSF and the creation of the Department of Reform Coordination in the MDAs, the Nodal Officers are now heads of divisions under the Director of Reform Coordination in the MDAs.

All ministries, parastatals, and agencies were mandated to prepare and publish SERVICOM Charters, which are expected to provide the following information:

- Quality services designed around customers' requirements
- Citizens' entitlements set out in ways they can readily understand
- List of fees payable and a prohibition of illegal demands
- Commitment to provision of services within realistic time-frames
- Specified officials to whom complaints may be addressed
- These details to be published in conspicuous places accessible to the public
- Surveys of customer satisfaction conducted and published.

Each of these measures are expected to be taken up by parastatals and operationalized. The example of NAFDAC readily comes to mind. In its effort to provide quick and timely services to its clients seeking registration of their products, it created the NAFDAC Automated Product and Management System (NAPAMS). Registration of regulated products - a major service rendered to the public - was previously characterized by long queues and delays. NAPAMS, which is an e-portal for registration of regulated products, is client-friendly and straightforward. Access may be made through a laptop or a smart phone. Although some challenges may still exist, it is faster and a good practice to emulate for parastatals dealing with numerous clients/customers.

But beyond the SERVICOM Charters and provision of Complaint Boxes, SERVICOM Units have not been very effective in their operation. This is largely because the Units have not been empowered to realise their mandate. Case Study 15 below provides an example of an effective feedback mechanism).

Case Study 15: Responding to passenger complaints

Federal Ministry of Aviation's *Aviation Passengers Service Portal* (offering customers Triple Feedback Mechanisms)

The Aviation Passengers Service Portal of the Federal Ministry of Aviation offers customers triple feedback mechanisms comprising *SPEAK UP* for aggrieved customers to bring up their complaints: *CONNECT* for customers to share their experiences (either good or bad); and *OPINION POLL* to enable customers express their opinions on how they feel. All these are aimed at continuous learning and performance improvement.
(See www.aviationportal.com.ng).

Combating Corruption

Anti Corruption legislation

On paper, Nigeria's laws on corruption are in conformity with the provisions of the United Nations Convention against Corruption (UNCAC, 2004) regarding existence of policies and institutions for preventing corruption; criminalisation of corruption; promoting international cooperation; and making provisions for asset recovery. For example, there is 'The Corrupt Practices and Other

Related Offences Act, 2000' (ICPC Act). Secondly, there is the 'Economic and Financial Crimes Commission (Establishment) Act, 2004'. Thirdly, there is the 'Nigeria Extractive Industries Transparency Initiative Act, 2007' (NEITI).

With the exception of NEITI, parastatals are obliged to comply with these laws on corruption, and what constitutes corruption is very broadly defined. Punishment is severe. For instance, section 8 of the ICPC Act deals with ***gratification by an official*** and it clearly states that 'any person who corruptly asks for, receives or obtains any property or benefit of any kind for himself or for any other person; or … is guilty of corruption and is liable to imprisonment for seven (7) years. Sections 9 and 10 deal with ***corrupt offers to public officers*** *and* ***corrupt demand by persons*** (respectively), who are also liable also to 7 years imprisonment.

In addition to these laws, the Nigerian criminal law is also very firm on its sanctions against corruption. The law punishes both active and passive corruption i.e. both public officials and the private parties to the transactions.

There is strong legal provision on Declaration of Asset by all public officers. This asset disclosure law mandates all public officers to declare their assets and liabilities before the Code of Conduct Bureau on assumption, and term of office, and every four years for permanent employees, and failure to do this may entail removal from office, disqualification from holding any public office, and forfeiture to the state of any property acquired through abuse of office or dishonestly.

Given all these legal provisions, Chief Executives of parastatals are strongly advised to be conversant with the laws prohibiting corruption and to regularly organise retreats for their staff on legal provisions on corruption. One parastatal provides a good example of efforts taken to combat corruption – see Case Study 16 below.

Case Study 16: Automation is key to combating corruption

The automation of core business processes by the Federal Inland Revenue Service was a turning point in its operational efficiency and effectiveness. First, tax collection improved significantly as fraudulent and other corrupt practices were drastically reduced. For example, its revenue generation in one year alone was higher than the collection for the previous eight-year period put together. Secondly, there was also drastic reduction in the level of bureaucracy and red tape in the assessment, collection and reporting of taxes. (See *Public Service Reforms in Nigeria, 1994-2014: A Comprehensive Review*, OSGF, 2014).

For any Chief Executive confronted with reported cases of corruption and fraud among the staff, automation of core business processes is key as it offers a twin advantage of improving effectiveness and efficiency.

Anti-Corruption and Transparency Units

The Corrupt Practices and Other Related Offences Commission (ICPC) was empowered to establish Anti-Corruption and Transparency Units (ACTUs) in every ministry, extra-ministerial office, agency and parastatal. All parastatals are therefore expected to have Anti-Corruption and Transparency Units (ACTUs) in place and operational. They are responsible for the prevention of corruption and preliminary investigations, which may require prosecution by the ICPC. Each ACTU has to operate as an autonomous outfit with functional linkage with the office of the Chief Executive of its respective establishment. The ACTU reports directly to the ICPC and not to the organization where it is located.

ACTUs perform all the duties detailed in Section 6(a) (f) of the ICPC Act (2000) with the exception of conducting prosecutions. They are obliged to report all alleged cases of corruption to the ICPC, with copies sent to the Minister or Permanent Secretary where they are embedded for information. However, cases involving Ministers or Permanent Secretaries are to be reported to the Secretary to the Government of the Federation and the Head of Service of the Federation for the information of the President of the Federal Republic of Nigeria.

The role of ACTUs is therefore to serve as the main link between the MDAs on the one hand and ICPC on the other. For the **repression** of corruption therefore, ACTUs 'receive oral and/or written reports of conspiracy to commit/attempt to commit an offence of corruption and submit both their initial report and their comments to the Secretary of the Commission with copies to the Permanent Secretary/Chief Executive within (30) working days'. As regards **prevention**, ACTUs 'examine the practices, systems and procedures in the Ministries, Agencies, etc., and where in the opinion of the Unit, such practices, systems and procedures aid or facilitate fraud or corruption. They submit a detailed report with recommendations to the Secretary of the Commission for appropriate action with copies to the Permanent Secretary/Chief Executive'. ACTUs are also charged with the responsibility of organising training and sensitization of departmental staff and counterparts on corruption.

One of the strategic interventions due to be undertaken through the National Strategy for Public Service Reforms (NSPSR) is support to the ICPC to improve the effectiveness of ACTUs in MDAs. However, given the NSPSR is not yet ratified, parastatals should take measures to improve the effectiveness of the ACTU to monitor what happens at the front desk where a lot of extortions from citizens applying for public services are alleged to take place. A survey by Action Aid[14] revealed that up to two fifths of patients claim that they had to pay a bribe to medical staff to get needed medical attention; similar percentage of citizens are subjected to extortion to avail other services such as enrolment to schools for their children. Indeed, this is a serious matter that needs to be addressed. A number of measures can be instituted to tackle decentralized corruption. A robust grievance redress mechanism is required. Some characteristics would include:

- easy accessibility to citizens
- ensuring that complaints are conveyed to anti-corruption authorities/law enforcement agencies
- display at service delivery points essential anti-corruption standards (e.g. reject corrupt offers; don't give bribe and don't receive bribe etc.)
- dedicated telephone line(s), email addresses, and suggestion boxes at appropriate locations that afford citizens the opportunity to report and track their complaints for purposes of ascertaining if they have been addressed
- staff of anti-corruption Unit have the requisite qualification, experience, dedicated budget and authority to address complaints received and recommend redress/sanctions
- complaints followed up to ensure that they are addressed to their logical conclusion (e.g. taking disciplinary action and if necessary forward to relevant anti-corruption agency for further actions).

The Nigerian experience shows that where patronage is deep-seated, it is hard for individual organisations to fight corruption. However, one parastatal insists on applying certain practices, which, it says, militates against corruption. See Case Study 17 below.

[14] Action Aid, 2014: "Report of Research into the Relationship between Poverty and Corruption in Nigeria" (unpublished)

Case Study 17: a visit inside prison concentrates the mind

According to the Bureau of Public Procurement, internal compliance is considered crucial and this is taken up in the weekly management meetings where 'integrity checks' are carried out. When wrongdoing is found, certificates of verification are issued and wrong-doers are handed over and are eventually sacked. The BPP says it concludes its induction training for procurement officers with a whole day exposure visit to a prison. Recruits are warned that this is where they will end up if they engage in corruption.

Another approach is to offer an attractive incentive package, with the aim of raising the commitment of workers to higher ethical and accountable standards.

Parastatal Boards

As the General Services Office in the Office of the Secretary to the Government of the Federation (OSGF) rightly pointed out in the Box below, there are few parastatals with clearly defined powers and responsibilities for board members. The General Services Office however provides general policy guidance on the conduct of boards of parastatals. This duty is discharged in accordance with the responsibility of the OSGF to coordinate the activities of parastatals (among other public bodies) on the implementation of government decisions, policies and programmes. Apart from the circulars from the OSGF, other regulatory frameworks such as the Financial Regulations (see section 8 on Financial Management), the Public Service Rules (where applicable), and the Acts setting up different parastatals also provide general guidance for the governance of parastatals.

"Few parastatals have clearly defined powers and responsibilities for board members. Except in highly specialised parastatals (such as Procurement), no job specifications are set out for board membership. Membership of boards is frequently exceeded and the number of meetings held are above the maximum of eight per year, due to perks involved in meetings – sitting fees, hotel accommodation, official travel – which cuts into the organisation's budget."

The discussion in this section therefore focuses only on three areas that were not covered under the section on Financial Management above. These are Public Service Rules, best practice from the UK, and extant circular from the General Services Office.

Some rules covering the roles and responsibilities of parastatal boards are set out in the Public Service Rules. These Rules (2008 Edition, Office of the Head of Service of the Federation, Section on Parastatal Board Council Matters, pp. 109-110) state that:

- Statutory boards/councils shall set operational and administrative policies in accordance with government policy directives and shall supervise the implementation of such policies
- A board shall not be involved directly in the day-to-day management of a parastatal
- A minister exercises control of parastatals at policy level through the board of the parastatal only
- Accommodation shall not be provided to any part-time member of a board on a permanent basis
- No part time member of the board shall be allowed to retain official vehicle for use on a permanent basis

Further rules are set out in the Circular Ref. No. SWC/S/04/S.310/105 of 10th June 2010. These set out that the governing board is responsible for overseeing the strategic direction of the parastatal and accountability. The board should establish formal procedural and financial regulations consistent with FR and where the Act establishing the parastatal allows for the parastatal to develop its unique Financial Regulations and Procurement Guidelines, the parastatal must obtain the Accountant General and DG Bureau of Public Procurement approval, prior to using these Financial Regulations and Procurement Guidelines to govern the conduct of its business.

The board should establish a system to ensure that all decisions relating to the use, commitment, exchange or transfer of resources involving members of the board, are documented and records of transactions maintained to ensure traceability from inception through to completion.

The board should put in place appropriate mechanism and a formal code of conduct defining standards of behaviour to which individual board members and employees of the parastatal subscribe and adhere.

The board must only operates as a part time board in accordance with extant rules that forbid allocation of official quarters to members on a permanent basis, use of official vehicles by members on a permanent basis and payment of estacode allowances for only overseas' travels approved by the Office of the Secretary of the Government of the Federation and their supervising ministry.

Additionally, best practice is recommended here as follows, based on the UK Cabinet Office Guidance on Reviews of Non Departmental Public Bodies (2011)[15].

Parastatals should be led by an effective board, which has collective responsibility for the overall performance and success of the body. The board's role is to provide strategic leadership, direction, support, and guidance. The board – and its committees – need to have an appropriate balance of skills, experience, independence, and knowledge. The board also ensures the development and implementation of clear policies to guide operational leadership and responsiveness of organisation to stakeholders.

It is very important that the supervising ministry operates within all the provisions of the administrative guidelines regulating the relationship between it and the parastatal. A Chief Executive of a parastatal can strengthen the relationship with the supervising ministry by collaborating effectively with it within the confines of the law. For instance, many cases of unhealthy competition exist as well as cases of collusion with the supervising ministry, both of which would jeopardise efforts at effective service delivery.

There should be a clear division of roles and responsibilities between non-executive board members and executives. No one individual should have unchallenged decision-making powers. Key requirements of the board include the following features:

- It should meet regularly, retain effective control over the parastatal, and effectively monitor the senior management team.
- The size of the board should be appropriate, with board members drawn from a wide range of diverse backgrounds.
- The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board

[15] UK Cabinet Office, op. cit.

members and by the senior management team. It should be regularly reviewed and refreshed.

- The board should establish formal procedural and financial regulations to govern the conduct of its business.
- The board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice, and resources as is necessary to enable it to carry out its role effectively.
- The board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.
- The board should make a senior executive responsible for ensuring that board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.
- The board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published.
- The board should ensure that the parastatal's rules for recruitment and management of staff provide for appointment and advancement on merit.
- The board should establish a strong anti-corruption policy with entrenched whistle blower mechanisms.
- The chief executive should be accountable to the board for the ultimate performance of the public body and for the implementation of the board's policies.

The Chair is responsible for leadership of the board and for ensuring its overall effectiveness. The roles of Chair and Chief Executive should be held by different individuals. Key principles to be followed here are as follows:

- The board should be led by a non-executive Chair.
- There should be a formal, rigorous and transparent process for the appointment of the Chair.
- The Chair should have a clearly defined role in the appointment of non-executive board members.
- The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing.
- The Chair is responsible for:
    - assessing the performance of non-executive board members
    - representing the public body in discussions with ministers
    - advising the sponsoring department and ministers about board appointments and the performance of individual non-executive board members
    - ensuring that non-executive board members have a proper knowledge and understanding of their corporate role and responsibilities
    - ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or ministers
    - ensuring that the board carries out its business efficiently and effectively
    - representing the views of the board to the general public
    - developing an effective working relationship with the Chief Executive and other senior staff

Leadership

Strong leadership is one of the key factors in successful parastatals and is crucial in securing good governance.

'Good Leadership is essential. It's possible to have all the right systems and processes in place but without strong, charismatic leadership with integrity, they won't work; leadership by example'.

- EFCC

A number of parastatals heads insist on the importance of leading by example. At the NDLEA, they stress that strong and charismatic leadership with integrity and ethics is a decisive factor in the organisation's success.

Many examples of strong leadership have also been given in the sections above, including cases of parastatals establishing their own sanctions and incentive systems, or including the wider team in decision-making, all of which have encouraged good performance and deterred poor behaviour among staff.

At the Economic and Financial Crimes Commission, they note that strong leadership can facilitate change, uphold and introduce new standards, and drive the organisation forward. However, for the sake of sustainability, any positive changes must also be institutionalised, so that when the leader moves on the benefits remain. We conclude this section with a case study of the remarkable leadership of the NAFDAC from 2001-2008.

Case Study 18: the legacy of Professor Dora Akunyili

The management of the National Agency for Food and Drug Administration and Control (NAFDAC) under Prof. Dora Akunyili (2001-2008) was remarkable for its display of strong leadership driven by vision, courage, passion with conviction, and honesty of purpose. This remarkable leadership quality was known for institutionalized innovative systems, policies, processes and practices that outlived Prof. Akunyili, thereby confirming the lesson that strong leaders who succeed in creating strong institutions are more successful in sustaining their innovative practices.

The lesson for other CEOs of parastatals is to put in place policies, systems and processes capable of outliving a strong leader. NAFDAC after Prof. Akunyili has remained focused with purposeful leadership as a result of the strong foundation laid by her, which made innovative policies and practices the strong driving force of NAFDAC's operational dynamics.

The good practice principle here is that strong leaders who fail to institutionalize their processes and practices would later find their organizations as weak as when they first arrived in post, as sustainability is the first casualty in organizations with strong leaders without strong institutions.

Conclusions

In many developing countries, public service organisations deliver few or no services to citizens; on the contrary, they may even be the source of extracting further ‘rents’ from the public. However, parastatals have many advantages over ministries in terms of their innate ability to deliver better services. They were often set up to focus on certain technical functions or as a result of a reform initiative. Parastatals will often have a freer hand than civil service institutions in terms of their powers, recruitment, and performance management. Because they were often created as a result of a reform, they are likely to enjoy public support at inception, and politicians often provide a high level of support to protect their new agencies.

The successful parastatals cited in this Guidance are the proof that Nigeria can deliver good services efficiently, effectively, and transparently. Other parastatals also have an opportunity to perform well and thereby avoid being merged, abolished, or fading into obscurity, or being replaced or duplicated by a more functional agency.

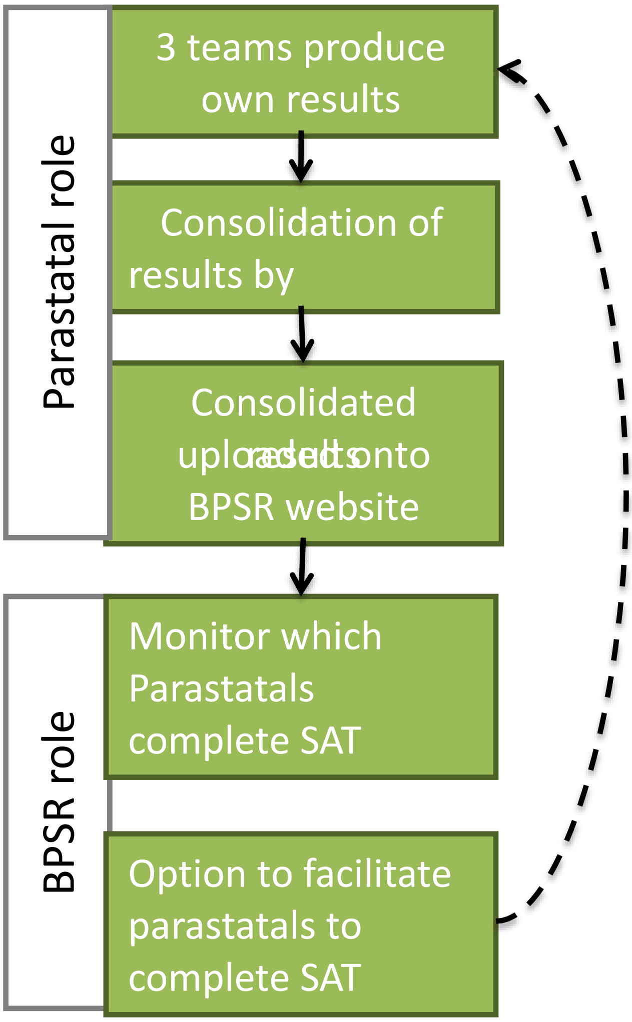
After heads of all parastatals have carried out the self-assessment and taken steps to improve management and governance along the lines set out in this Guidance, there is considerable scope to increase the number of both successful and world class parastatals which can restore the citizens’ faith in Nigerian government institutions. That is in essence what this Guidance seeks to achieve.

Annex 1: Self Assessment Tool (SAT) process and statements

Process for completing the SAT

The process for completing the SAT is set out in the diagram below.

Figure 14: Process for completing SAT test



3 teams within each parastatal should be established, with 10 – 12 staff in each team. The teams should be structured as follows:

Junior staff team - drawn from a range of departments and units

Middle staff team – drawn from a range of departments and units

Senior staff team – drawn from a range of departments and units

Each team assesses its current status of the SAT and gives its organisation a rating on each of the 96 statements - i.e. one of the following ratings:

Strong
Well placed
Developing area
Needs attention

The groups then come together and discuss and reach a consensus on their organisation's consolidated ratings. The parastatal nominates a staff member to upload the consolidated version of the parastatal's ratings onto a restricted area of the BPSR website www.bpsr.gov.ng.

Alternatively, there is an option of requesting BPSR to facilitate the SAT completion process.

SAT Statements

BPSR ASSESSMENT TOOL FOR MANAGING AND REFORMING AGENCIES AND PARASTATALS	
Section 1 – Strategic Governance *(see Manual chapter 10)*	
1	The organisation has a governing board that meets in accordance with circular Ref. No. SWC/S/04/S.310/105 of 10th June, 2010, and carries out the responsibility of overseeing its strategic direction and accountability
2	The governing board reviews the organisation's progress towards achievement of strategic goals and adjusts strategy in response to external environment
3	The governing board has a future focussed strategy derived from the mandate of the organisation
4	The governing board has in place appropriate mechanism and a formal code of conduct defining standards of behaviour to which individual governing board members and employees of the organisation subscribe and adhere
5	The governing board ensures the development and implementation of clear policies to guide operational leadership and responsiveness of the organisation to stakeholder needs
6	The governing board has ensured the establishment of a strong anti-corruption policy with an entrenched whistle blower mechanism
7	The supervisory ministry operates within the provisions of the administrative guidelines regulating the relationship between ministry and parastatals
Section 2 – Strategic Planning and Operational Leadership *(see Manual chapters 2 and 3)*	
8	Senior management understands its roles and functions and work together effectively to guide the organisation
9	The organisation has defined vision, mission and mandate
10	The mandate makes clear the powers, roles and responsibilities of the organisation

11	The vision, mission, and strategic objectives have been effectively communicated to relevant stakeholders and well understood by staff
12	Senior management prepares and periodically reviews a strategic plan with high level outputs aligned to approved operating budget to guide implementation of organisations operations and services
13	Senior management gathers, analyses and utilises relevant information (including information on the present and future needs of stakeholders and other management information) as evidence to support the strategic planning process
14	The organisation's strategy incorporates the needs of customers/service users, makes appropriate provisions for capturing stakeholder contributions, and contains arrangements for measuring progress against objectives
15	The organisation's strategic objectives are prioritised for potential impact using standardised principles and criteria (e.g. balanced score card)
16	The organisation regularly prepares and updates plans for innovation and change to deal with new expectations from stakeholders, to enhance quality of service and to reduce costs
17	The organisation is structured to achieve its core mandate
18	The operational departments prepare annual implementation plans that are clearly aligned with organisation's strategic objectives and integrated across departments
19	The organisation has clear policies to guide operations and activities which supports delivery of strategic objectives and services with written guidelines to standardise procedures and enable staff to carry out routine activities
20	Senior management actively ensures and takes responsibility for implementation of policies, development of systems and operational functions and services that meet the needs of stakeholders
21	Senior Management meets regularly with staff to set direction, motivate and reinforce set standards for operational functions and service delivery
22	There is institutional mechanism for staff to regularly contribute ideas, experiences, and to provide leadership in areas of their responsibilities
Section 3 – Financial Management *(see Manual chapter 8)*	
23	The Organisation has adopted robust financial and accounting policies that comply with Financial Regulations and are regularly reviewed to ensure efficient and reliable financial reporting
24	The Organisation has financial management system and procedures that comply with relevant government accounting policies and standards
25	Senior management prepares a comprehensive annual budget that adequately reflects strategic plan and provides an indication of sources of funding
26	Annual budgets are reviewed by the governing board
27	Annual budgets are approved by the supervising ministry and National Assembly
28	The organisation's budgeting process applies activity-based costing that incorporates direct and indirect costs and takes into consideration current operating model
29	Performance data such as information on output and outcome goals are included in

	budget documents
30	In the past three years, the resources have been allocated based on prioritised objectives with set milestones and indicators for tracking
31	In the past three years the organisation's budgets are realistic and are implemented in a predictable manner (maximum of 5% variance)
32	Activities and projects to be implemented over a period of more than one year are appropriately phased, and budgets phased accordingly
33	The organisation has and implements a strategy for mobilising resources from development partners to support achievement of strategic objectives
34	The organisation has articulated a system of delegated authority for budget implementation that is available to all stakeholders
35	The organisation has established a system for carrying out periodic review and reporting on budget performance with responsibility for review and reporting assigned to named officers
36	The organisation is linked to the Government Integrated Financial Management Information System (GIFMIS)
37	There is an established system of payment for authorised purposes with evidence that goods were supplied or services rendered
38	The organisation has joined the Federal Government Treasury Single Account and where the Act establishing the Parastatal allows for operation of independent bank accounts, the organisation obtained the Accountant General approval for all its bank accounts in line with the provision of the Financial Regulations.
39	The organisation implements E-Payment system for all its transactions (supplies, salaries and entitlements of employees, contracts, etc.)
40	The organisation accurately remits (E-Remittance) revenue generated to CRF in accordance with extant rules and regulations
41	The organisation has developed and deployed a robust internal audit manual/guide
42	Organisation has an internal audit capacity that monitors and evaluates the implementation and effectiveness of its processes and procedures
43	The internal audit manual is rigorously applied by managers to monitor and evaluate financial transactions and operational processes and procedures, and to propose improvements to the organisation
44	Internal control systems provide for an assessment of risks from both internal and external sources
45	Internal control staff have the required expertise and experience in financial, process and performance review, monitoring and evaluation
46	Critical decisions relating to the use, commitment, exchange or transfer of resources involving members of governing board and senior management, are documented and records of transactions maintained to ensure traceability from inception through to completion

47	Financial reporting is given an appropriate profile at the meetings of the senior management and governing board to reflect on progress towards strategic goals and adjusting strategy as required
48	Senior management understand and carry out their respective roles in the financial reporting structure of the organisation (board, supervising ministry, National Assembly and public) within the timeline stipulated in extant rules regulations and circulars
49	The organisation's financial liabilities are recorded and monitored as part of the management process and to facilitate comprehensive and transparent financial reporting
50	The organisation maintains an accurate up to date inventory of assets and a functional mechanism for annual planning and budgeting for asset maintenance and replacement
51	Senior management identifies and measures areas of financial risk and prepares contingency plans to mitigate risk associated with changes in organisational income and funding streams
52	The organisation has appropriate insurance to protect the organisation, its assets, people and services
53	The organisation obtains approval from the Debt Management Office prior to obtaining loans and advances in line with the FR
54	The Chief Executive submits a statement of account on a monthly basis to the supervising ministry showing receipts of funds from government for personnel overhead, capital and actual expenditure in accordance with the FR
55	The organisation appoints external auditors with the approval of the Auditor General for the Federation for purpose of auditing its financial statements in line with the FR
56	The Statement of Accounts for each financial year is submitted to the External Auditor within 2 months after the end of the financial year in accordance with FR
57	The organisation submits annual audited financial statements by 31st of May of the following year to the Auditor General for the Federation and Accountant General of the Federation in line with the FR
58	The supervisory ministry neither interferes in the finances of the organisation by virement of its subvention, nor makes requests for guesthouses, fleet of cars and naira cover for estacode allowances for their staff
Section 4 - Procurement Processes *(see Manual chapter 9)*	
59	The organisation constitutes a Parastatal Tenders Board, procurement planning committee and evaluation committees in line with 2007 PPA
60	The organisation has a clear system of accountability with clearly defined responsibilities and delegation of authority on who has control of procurement decisions
61	Open competitive method is the organisation’s default method for procurement of goods, works and services
62	In accordance with the Public Procurement Act (PPA), the organisation opens bids in public in the presence of bidders/representatives, immediately following the deadline for bid submission
63	The advertisements and Expression of Interest (EOI) published by the organisation are sufficient to enable a potential participant to determine its interest in competing; and sufficient time is allowed for bid or proposal preparation, appropriate to the complexity of the bid

64	Bidders are able to submit bids into a tamper-proof bid box (for instance, a three key box) in an accessible location
65	The organisation constitutes a procurement planning committee charged with the responsibility of preparing the Annual Procurement Plan that is integrated with the annual budget and annual plan
66	A Procurement Evaluation Committee is in place and chaired by the Head of Procurement and Secretary to the Tender Board
67	The evaluation process involves a quick review of all received bids to remove any unqualified bidders, resulting in a short list of bids which are then reviewed in more detail to ensure full compliance
68	Integrity checks and due diligence are carried out on preferred bidders firms immediately prior to awarding of contracts
69	The organisation publishes its Annual Procurement Plan and General procurement notice in its website, procurement journal and 2 national newspapers, and (for international tenders) in at least 1 international journal
70	There is a system for record keeping, management and retrieval of procurement data where procurement records are protected from loss and unauthorized access
71	The Organisation prepares and submits annual report of its procurement activities to the Bureau of Public Procurement. The organisation has developed a system to ensure that copies of all procurement records are transmitted to the Bureau of Public Procurement within three (3) months after the end of the financial year
72	The system ensures that the procurement records are maintained for a period of ten years from the date of the award in accordance with the 2007 PPA
73	Management ensures that procurement and management staff undertake training for continuous skill development in procurement
74	The procurement staff have contract management expertise and a record of accomplishment of quality and timely delivery on procurement plan.
75	The procurement staff have signed an affidavit regarding their commitment not to engage in practices involving a conflict of interests and a system of ensuring adherence to the provisions of the 2007 PPA is in place
76	The organisation awards contracts only to bidders that possess: the necessary professional and technical qualifications to carry out particular procurements; financial capability; equipment and other relevant infrastructure; adequate personnel to perform the obligations of the procurement contracts and possess the legal capacity to enter into the procurement contract
Section 5 – Operational and Service Delivery Processes *(see Manual chapters 3, 5 and 10)*	
77	The Senior management identifies, designs, manages and reviews operational processes to ensure continual relevance for the delivery of strategic objectives to beneficiaries and other stakeholders
78	All senior managers understand their role and responsibilities for service delivery and are committed to assigned targets as stated in MDAs service charters
79	The organisation is structured to achieve its core mandate and carry out its functions effectively
80	The organisation appropriately utilises modern and up-to-date technology and infrastructure to ensure efficiency and improved productivity
81	Services and functional responsibilities are delivered in a cost effective way, including making best use of people and financial resources

82	Organisation displays essential anti-corruption standards at service delivery points (e.g. reject corrupt offers; don’t give bribe and don't receive bribe, etc.)
83	The organisation has a unit (e.g. ACTU, SERVICOM or special unit under the CEO) to address front service delivery and corruption issues.
84	The organisation has key staff with requisite qualification, experience, dedicated budget and authority in the unit to address complaints received and recommend redress/sanctions.
85	The organisation has a system (e.g. dedicated telephone line(s), email addresses, suggestion boxes at appropriate locations and web address) that affords citizens the opportunity to report and track their complaints for purposes of ascertaining if they have been addressed.
86	The organisation follows up complaints and ensures that they are addressed to logical conclusion (e.g. taking disciplinary action and if necessary forward to relevant anti-corruption agency for further actions)
87	There is an effective system and relevant mechanisms for capturing feedback from stakeholders and the information is used to create innovative ways of working
88	The organisation has a functional and effective mechanism to ensure all staff have access to information and knowledge relevant to their tasks and operational objectives
89	Operational processes are coordinated within the organisation and efforts are made to collaborate with other government organisations to share knowledge and integrate processes towards a common or shared service outcome
90	Senior management makes strategic decisions and controls its operational functions and services in line with Government policy frameworks (Freedom of Information, SERVICOM, etc.) for ensuring accountability to service users, stakeholders and the wider community
91	The organisation has established and continually apply an integrated policy for managing physical assets, including buildings, vehicles, office equipment and furniture
92	The organisation has mechanisms to facilitate regular evaluation of the state of their infrastructure to ensure efficient, cost effective and sustainable maintenance of buildings, vehicles and office furniture and equipment, and reports of evaluations are shared at regular management meetings.
Section 6 – Human Resource Management and Planning *(see Manual chapter 7)*	
93	The organisation has established and implements a human resource management policy with objective criteria for recruitment, career development, promotion, remuneration, rewards and assignment of managerial functions
94	There is a plan for human resource development that addresses present and future needs of the organisation to ensure continued efficiency and effectiveness of operations and services
95	The human resource utilisation and development plan is focused on and consistently applied to achieving operational and service delivery outcomes and implemented in the most transparent and cost effective manner
96	Investment in training and capacity development aligns with priorities identified in strategic and operational plans with established policies and practices that nurture staff talent, development, well being and productive contribution

97	Management approaches and practices support a performance culture with established criteria for reward and recognition based on individual and team performance
98	The organisation has a comprehensive plan for performance management
99	Job descriptions incorporating competency profiles have been established for all staff positions in the organisations and these are implemented through individual work plans discussed and agreed with supervisory officers
100	There is a culture of open communication and dialogue that encourages team work where employees and their representatives are involved in the development of organisational plans and strategies
101	Professional learning interactions are encouraged and self-directed continuous professional development supported
102	There are standards set for health and safety of staff; and the organisation ensures good and conducive working conditions
Section 7 – Partnerships and Resource Mobilisation *(see Manual chapter 4)*	
103	The organisation has policies and strategies for establishing and managing collaborative relationships with other respected and strategically relevant organisations
104	The organisation develops and manages appropriate partnership agreements through stimulating and organising task specific partnerships; and implements joint projects with public sector organisations that belong to the same policy/service sector
105	In collaborative relationships, the organisation clearly defines commitments, roles, responsibilities and resources that will be invested to contribute to success
106	Formal collaborations have written and signed agreements to guide all parties involved
107	Differences and disputes that may arise within collaborative partnerships are anticipated and a framework for resolution established in advance.
108	Senior management identifies need for long-term public private partnerships and develops them where appropriate.
109	The organisation's strategic plans incorporate generation of additional financial resources and have established mechanisms to ensure transparent management and reporting on performance of such resources.
Section 8 – Key Performance Management and Results *(see Manual chapter 6)*	
110	The organisation carries out routine monitoring of policies, systems, procedures, operations and services to guide continual improvement and continued relevance to beneficiaries and other stakeholders
111	The organisation periodically measures public perception of its performance and impact to provide an indication of the effectiveness of its strategies
112	The organisation periodically undertakes an evaluation of its activities and programmes to determine performance against set goals and objectives, impact of activities on external stakeholders and society
113	Results from organisational performance assessments are used to guide operational and service improvements in an effective way
114	The organisation periodically carries out assessment of the efficiency and effectiveness of its internal processes; effective use of resources and capacity to involve stakeholders in

	definition of service quality standards
Section 9 – Change Management *(see Manual chapter 1)*	
115	The organisation has a structure (e.g. committee, team, change drivers, etc.) for managing change along the desired strategic objectives.
116	The organisation change drivers are of right composition, with significant level of authority, credibility and leadership qualities and a shared objective to deliver the desired change
117	The organisation change management processes are able to communicate effectively to all staff and other stakeholders as well as manage resistance to change.