

# PwC in partnership with the not for profit sector 2020

**East Africa and Horn of Africa region**

# Partnering with the NPO sector and community

Major development aid organizations are increasingly realizing the need to work with Not for Profit Organizations (NPOs), CBOs, FBOs and other smaller entities. Through partnership and engagement with development partners and local and international NPOs in the region, over the years, PwC has gained a wealth of experience and developed best practices.

## Working with NPOs to build their capacity for effective aid delivery

An organization's capacity is a key factor to effectively delivering its development programmes. We have worked with not for profit organizations in carrying out pre-award assessments, organizational and management capacity assessments, financial monitoring reviews, internal controls reviews, capacity building through mentoring and training in a bid to identify areas that require strengthening and improvement across various functional areas.

## Tax considerations

Not for Profit Organizations, are increasingly becoming aware of the need to be compliant with the various tax laws that affect their operations. Failure to comply with local tax laws and regulations attract punitive penalties and interests, redirecting the ever scarce resources away from programming.

Specific to NPOs, tax matters that require consideration include:

- Tax implications on NPO's income streams such as grants, donations, investment income etc
- VAT and income tax planning opportunities and considerations including exemptions/remissions,
- Taxes on employment emoluments - salaries, allowances, and other non-cash benefits
- Employee versus independent consultants mode of engagement
- Withholding tax obligations - applicable rates and filing due dates
- Withholding VAT obligations including application for exemption from this requirement

- HR function outsourcing,
- Immigration landscape in Kenya – the type of work permit required

## Accountability & transparency – determining the right financial reporting framework

With donors and program beneficiaries increasingly demanding for more transparency and accountability from implementers, sound financial reporting is now integral to the operations of any NPO. The objective of each reporting framework and the entity specific considerations, should be taken into account when determining the reporting framework that best suits the organization. Financial reporting by NPOs is generally governed by legislation, but the extent and form of this financial reporting varies depending on the size and type of entity. Therefore, in order to select the right reporting framework, NPOs must have an awareness of the different reporting frameworks available to them, for example IPSAS, IFRS among others.

## Financial Sustainability and Resource Mobilization

With the ever changing donor priorities, increased demand for greater value from donor funds and changing landscape in the development sector, NPOs must focus on financial sustainability and resource mobilization. Resource scarcity threatens to cripple operations and compromise the achievement of the desired impact of various programs. The recent shift by many donors from traditional modes of funding to aid-for-trade, has also seen the mushrooming of multifarious implementation agents, which means that NPOs now compete for the ever limited resources with non-traditional players. With this, each NPO must now have a high degree of efficacy to deliver more value per dollar of funds received to give it an edge over its 'competitors'. The focus on financial sustainability must thus shift to interventions scaling through delivery models that achieve greater impact at a lower cost and much faster.

To survive and thrive in such a highly competitive environment, NPOs must now adopt innovative and more robust

resource mobilization strategies with a leaning towards adoption of lessons from social enterprise business models. Adapting to various technologies, analytics & data insights as well as innovative delivery models could give an NGO an edge while helping to achieve greater impact.

## Other enablers to your operations

Technology can be a disrupter or enabler – it transforms or destroys business models and competitive advantage. Aligning technology with business needs, making the right technology choices, appointing the right vendors, managing the implementation and the associated human change with the least disruption and at the best value are challenges facing today's institutions. Coupled with our Strategy & Operations team, we work closely with organisations in creating greater visibility for their strategic direction and align to their desired outcomes. The later cannot be achieved without the right people.

The drive to improve business performance through human capital has made it critical for organisations to realize and demonstrate the value of HR policies and processes.

## Regulatory Compliance and Advisory

The legal and regulatory landscape in Kenya is dynamic and complex. This has increased the compliance burden and regulatory risk for entities operating in the country. Regulators are becoming increasingly active in implementing new regulations, strengthening existing ones and increasing scrutiny of compliance.

In this regard, we assist clients in:

- Incorporation and registration of NPO entities
- Provision of tailored regulatory advice for NPO market entrants
- Conducting NPO legal compliance and governance audits and health checks
- Conducting data privacy law readiness assessments and audits
- Contract support, transaction support and internal reorganizations
- Advising on new or amended laws and regulations

# PwC here to support you

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com)

In Africa, we're the largest provider of professional services with offices in 34 countries and over 9,000 people. This enables us to provide our clients with seamless and consistent service, wherever they're located on the continent.

PwC Kenya has a long established practice serving Governments, international development partners, Not for Profit organisations as well as the private sector through our

offices in East Africa and Horn of Africa region. Our local capability comprises over 500 professionals who are able to combine their in-depth understanding of local business, social, cultural and economic issues with their deep functional and industry knowledge.

[Click here to read our latest edition of our Public Sector & Infrastructure Insight publication](#)

Public Sector & Infrastructure Insight 2020

## Governance in uncertain times

A delicate balance requiring tough choices

## Our service offerings

### Our Tax and Regulatory Services include::

- Tax advice and planning services
- Tax reporting and compliance reviews
- Applying Data and Analytics for iTax ledger reconciliations across all tax heads
- Income tax and VAT exemption support services
- Review of Host Country Agreements from a tax perspective
- Accounting and Bookkeeping services
- Tax health checks, investigations and KRA audit support including dispute resolution
- Excise and customs duty compliance support
- Human resource tax management
- Support on employees' statutory taxes (PAYE, NHIF, NSSF)
- Employee Engagement and organization health surveys
- Salary and benefits benchmarking
- Regulatory compliance and advisory
- Immigration support services

### • Training across all the tax heads

- Tax refund management support services
- Tax controversy and dispute resolution
- Lobbying at the National Treasury, the National Assembly and KRA

### Assurance and Audit service:

- Statutory, external and internal audit
- Project audits
- Compliance and procurement reviews
- Expenditure verification and tracking
- Internal control assessments
- International Public Sector Accounting Standards (IPSAS) implementation
- Procurement Risk Assurance
- Performance/value for money audits
- Organisational & financial management
- Capacity and pre-disbursement assessments
- Monitoring & evaluation

### Advisory services include:

- Finance and performance improvement
- Fund and program management
- Capacity building
- Program implementation
- Performance Management
- Leadership and Management Development
- Technology and operations consulting
- Forensic audit and investigation
- Fraud prevention services
- Human resources consulting including areas such as change management, reward, HR effectiveness, HR benchmarking and executive search/recruitment

# Our Clients include:

- WorldVision
- VI Agroforestry
- We Effect
- MSH
- IntraHealth
- AGRA
- Catholic Relief Services
- Human Rights Commission
- Catholic Dioceses
- HIVOS - Africa Biogas Partnership Programme
- Child Health Fund International
- Regional Centre on Small Arms and Light Weapons (RECSA)
- Technoserve Kenya
- Africa Educational Trust
- HelpAge International
- Save the Children International
- Malteser
- Investing in Children and their Society
- Swiss Agency for Development and Cooperation
- PATH
- The Open Society Initiative for Eastern Africa
- Heifer Project International
- International Rescue Committee
- ARCOS
- ACT
- AMREF
- KCCB
- CARE International
- SNV Netherlands
- The African Academy of Sciences (AAS)
- International Planned Parenthood Foundation
- African Population And Health Research Center
- UNHCR
- Wellcome Trust
- Africa Academy of Sciences
- Africa Alliance of YMCA's
- Amref Health Africa
- GIZ (German Technical Corporation)
- International Centre Insect Physiology & Ecology
- Msingi East Africa Ltd



PwC held a Not for Profit Organisations (NPO) breakfast forum on Wednesday, 20 November 2019. Themed around technology's contribution towards economic and sustainable development, the event demonstrated the power of technology to solve problems typically faced by the NPO and development sector. We demonstrated some of these technologies in a live environment during the event. Topics discussed included technology implementation, the use of drones in audits, applications to support real-time monitoring of donor funds/projects, data analytics and some of the regulatory requirements that govern certain technologies and data. There was also a panel that discussed various issues affecting the NPO sector.



PwC hosted a webcast on 6 May 2020 titled *Key Considerations for the not-for-profit sector*. We focused on key operational considerations for the not-for-profit sector. Topics covered were cash management, cyber security, crisis management, risk management and workforce management.



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# Our footprint



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