



**CHILDREN IN FREEDOM**  
*Education For The Citizenry We Want*



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# LEGAL AUDIT POLICY

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## Manual



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**CHILDREN IN FREEDOM (CIF)**

**&**

**CIF Schools**

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NY, USA (c) 2016

**501 (C)(3)**

CIF is a registered International NGO under law, **501 (C)(3)**

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## **ACKNOWLEDGEMENT**

We take this opportunity to give gratitude to all CIF staff, who have contributed to the development of this Legal Audit policy. Special appreciations go to the Executive Directors Engr. & Dr. Kanayo and the team at the Kenya Office for their technical inputs and support. Their comments were highly valued.

We also thank those who shared with us information on their Legal Audit policy and their practical experiences.

We thank you all for your contributions.

*Executive Director*

*Children in Freedom*

*New York, Nairobi*

## Legal Audit policy

Numerous laws governing non-profit activities, management, and internal policies make non-profit organization law a legal minefield. Setting off any one of these metaphorical mines can have catastrophic effects on the viability and legitimacy of your non-profit organization. Legal audits are invaluable tools which can be utilized to manage risk and ensure legal compliance with the many KRA and state non-profit laws.

- a) **Legal Review of Binding Agreements.** Reviewing of the employment manuals, contracts, and other forms to eliminate any unintentional risks and minimize liability for breaches and wrongful termination claims.
- a) **Review Governing Documents.** Examining the non-profit's governing documents such as its constitution, bylaws, articles of incorporation, and purpose statement to ensure that they are in legal compliance with the KRA and state requirements for tax-exempt entities.
- b) **Determine Compliance With Charitable Solicitation Law.** Ensuring that the non-profit is legally compliant with the unique laws governing charitable fundraising across the United States and Kenya.
- c) **Protect Intellectual Property.** Reviewing and developing policies that protect intellectual property rights and patents. This may include aiding its non-profit create an effective policy for royalty income and copyright ownership.
- d) **Implement and Review Child Protection Policy.** Help develop a child protection policy that will safeguard minors from potential risk while simultaneously mitigating organizational risk. Legal counsel can work with non-profits to aid in understanding their liabilities, as well as attending to the needs of the victim and/or perpetrator in a prudent manner.
- e) **Review and Develop Employment Handbook and Policies.** Review existing employee policies to improve organizational effectiveness and mitigate potential liabilities. This may include the development of a written sexual harassment policy, implementing terms for the hiring of independent contractors, and instituting protective measures for use when filling other non-profit jobs.
- f) **Ensure Compliance with KRA restrictions on Church and Non-profit Activity.** Because non-profits are tax-exempt entities, the KRA bans certain activities, such as endorsing political candidates, and sets regulations on lobbying activities. In order to comply with non-profit tax law, all voter scorecards or political candidate comparisons distributed prior to an election should be reviewed by a legal counsel.
- g) **Electronic Communications Policy.** Develop policies which ensure that the privacy rights of employees are limited in regards to dealing with employer information.
- h) **Conduct Objective Risk Management.** Conduct a risk management survey and insurance review from the last three years.

Sign Executive Director



## APPENDIX 1 : INDIVIDUAL STATEMENT OF COMMITMENT

“I \_\_\_\_\_ (*name*), have read and understood the standards and guidelines outlined in this policy. I agree with the principles contained therein and accept the importance of implementing the Legal Audit policy and practices while working with or associated with CIF

Name \_\_\_\_\_

Job title/position/role \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_