

Nonprofit Financial Managers

A Resource for the areas of Finance, IT, Human Resources, and Office/Facilities Management

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For information, go to npfm.org, or contact Mitzi Fennel at 617-547-1063 x235 or Jessica Zander at 617-956-0215

Mark Your Calendars

All of our meetings take place on the **last Tuesday** of each month. **No pre-registration required.** Upcoming dates:

- **March 29:** Top 5 Ways to strengthen HR
- **April 26:** Risk Management

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailings and other operating expenses. The membership period is from September to August. A part-year membership for \$60 is offered for those joining after January 1, which covers membership through August. Full-time students are welcome to join at any time without paying a fee.

In addition to attendance at monthly meetings, members receive a monthly newsletter and access to the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$12 meeting fee for non-members, and since membership is by organization, there is no limit of individuals from any one organization who may attend the meetings.

RSVPs for the meetings are not required.

For renewals or new membership fees, please make your check out to:
NonProfit Financial Managers
C/O Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

Contact Mitzi Fennel at 617-547-1063, x235 for more information.

The Next Meeting

Topic: Top 5 Ways to strengthen HR
Date: March 29, 2011
Location: United South End Settlements
566 Columbus Ave., Boston
Time: 12:00 PM – 1:30 PM

Title: Top 5 ways to strengthen HR

Strengthen your organizational effectiveness and reduce exposure. Most of us know something about HR best practices and what to avoid. However, it isn't always clear what to prioritize and how to execute on everything—especially with limited resources. Gordon Gottlieb, an HR expert from TDC and a regular speaker for NPFM, will present the top five ways to strengthen HR in your organization.

Recap of February Meeting

Internal Controls

Joel Aronson, CPA and Vice President of Alexander, Aronson & Finning, is nationally known for his work with nonprofits for the past 37 years, and as a teacher on many aspects of nonprofit financial management and budgeting. He and his colleague John Buckley, CPA, gave a presentation on internal controls – finding the right ones for your nonprofit organization. What are the risks you need to consider? How do you balance the need for proper internal controls with limited resources?

The purpose of internal controls is two-fold. The first purpose is to ensure that you are producing accurate financial statements, free from fraud and free from major errors. The second purpose is to guard against the misappropriation of assets and to mitigate the risk of such. Joel and John presented some case examples illustrating how strong internal controls can prevent or detect fraud and how a lack of good internal controls can allow fraud to go undetected.

A good system of internal controls does not equate to a lack of trust in your financial/bookkeeping staff. Trust is implicit and strong internal controls are just good standard practice. Some simple internal controls can prevent fraud:

1. The unopened bank statements should be opened and examined by the CEO periodically, and can even be sent to him/her at their home address.
2. Signature stamps should not be used if at all possible and should be kept under tight control.
3. The CEO should periodically review the company's payroll. Just the prospect of these three actions, even if just periodic and random, should mitigate the risk of embezzlement.
4. There should be a monthly closing checklist to ensure consistent protocol.
5. The CEO, the Board, and other senior management should look at the financial statements analytically, matching up actual to budget and noting major variances. They should also look at the Balance sheet, which should verify the income statement.
6. It is always prudent to have a second set of eyes look at bank statements, payroll registers, and income and expense statements.
7. It is also good idea to have someone else besides the payroll clerk do the payroll periodically.
8. The same goes for most financial operations.
9. Incoming checks should be restrictively endorsed right away and donation checks should not be opened by the Development Department. Ideally, all mail should be opened centrally.
10. When cash is received, pre-numbered receipts should be given to the payee, if possible.
11. Credit Card statements should be reviewed one level up from the person who made the purchases.

It is not the external auditor's job to detect fraud when it does the audit. Rather, the auditors are doing tests and looking at controls in order to give an opinion about whether or not the financial statements reflect the agencies financial activities fairly. The auditors assess

the risk of misstated or inaccurate financial statements by looking at the internal controls in place at the organization. It is the Board, the Finance and Audit Committee, and senior management of the organization that must take primary responsibility for implementing policies and procedures and strong internal controls in order to mitigate the risk of fraud, misstatements, and major errors.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at dr44@verizon.net with questions or postings.

NPFM E-mail Forum

One of the benefits of membership in NPFM is a subscription to our e-mail listserv. We encourage members to post questions, announcements and new developments in finance and administration. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm@topica.com

NPFM Steering Committee

The Steering Committee consists of several members who are responsible for the meeting topics, speakers, and other details surrounding the group. If you are interested in joining the steering committee, or in submitting ideas for future sessions, please contact any of the existing members, by e-mail or in person at a meeting.