

# Nonprofit Financial Managers

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

Volume Twenty one, Number Two

October 2013

For information, go to [npfm.org](http://npfm.org), or contact Mitzi Fennel at 617-279-2252 or Jessica Zander at 617-956-0215

## Mark Your Calendars

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

- **December 5: Financial Controls in the Electronic Age**

## 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 \$20 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 Health Resources in Action  
95 Berkeley Street  
Boston, MA 02116

Contact Mitzi Fennel at 617-279-2252 for more information.

## The Next Meeting

**Topic:** HRAs/HSAs/FSAs/MERPs—What are They, How are They Changing and Why do we Need Them? And what do Your Employees Think of Them?

**Date:** Thursday, October 31, 2013

**Location:** United South End Settlements  
566 Columbus Ave., Boston

**Time:** 12:00 PM – 1:30 PM

Creating a benefit package that's financially sound for the organization, and provides maximum coverage and out of pockets savings for employees can be challenging. HRAs/MERPs/HSAs/FSAs and Limited Purpose FSAs can provide solutions to these challenges. How do you decide which to offer, how to structure them, and if more than one, what is the best combination? How is Health Care Reform impacting these benefit offerings? What are the rules you now need to know? And finally, how much will it cost?

Celia Mercer, Account Executive and Benefits professional with Group Dynamic, Inc., the national TPA firm founded in 1989, will review these questions including recent information on 2013 and 2014 Employer obligations and associated deadlines, and how these plans are expected to interact with the newly mandated Health Exchange options.

## Recap of September Meeting

### **Enterprise Risk Management: What is it and What Should we be Doing About it?**

Bob Damiano, who coordinates Enterprise Risk Management (ERM) efforts at Partners HealthCare, and Jes-

sica Zander, CFO at Big Brothers Big Sisters of Massachusetts Bay, presented.

ERM is a way to organize our thinking so we worry about the right things, do not remain alone with our worries, and come up with plans to address what we can. Increasingly, Boards and audit firms are requiring ERM at some level. The presentation included an overview of what ERM is and different approaches to establishing an ERM process at your organization, along with tools to get you started. No matter how small your organization is, you can do something.

Bob and Jessica started the presentation by asking the group to list the major areas of risk for their respective organizations. Included in the list were: revenue sustainability; compliance with city, state, and federal regulations; building management safety issues; child safety issues; board governance; employment issues; risks associated with IT (failure, privacy, breach); internal controls; and strategic decision-making.

So what is Enterprise Risk Management? It is systematic approach to risk management which started about 7 or 8 years ago in response to issues raised by external auditors. ERM is a comprehensive systematic method of identifying risk events, and measuring, prioritizing, and responding to the risks that challenge the goals, projects, and initiatives of the organization. Every organization faces some risk – it is not a bad thing. The key point is to identify which risks are controllable and to come up with a reasonable plan to respond to those risks/events.

Organizations can start by identifying the five major risk areas that they are facing. You need to get the support of the CEO/Executive Director and board in this effort. You also need to get the agency's key managers to buy into the process. One approach would be to distribute a questionnaire to your managers to get a cross section of views about what risk they think the agency is facing. You can take the major risks identified and input them into a grid according to the magnitude of the risks and likelihood of them happening, and whether the risks are controllable or not and whether proactive management will control those risks. You can then take the top ranked risk, describe it, look at the history, and develop a plan to mitigate it and go on from there.

The important thing is to get started and build a culture of risk management into your organization's operations. Some organizations are reactive in nature and don't plan ahead on how to deal with risk. However, organi-

zations which are good at planning generally have some form of risk management.

Sometimes, it may be advisable to use an outside consultant to get the process rolling, because internal managers may be defensive about identifying risks in their programs. You absolutely need to get buy-in from the major players in your agency so that they can look at the big picture and put their energies in the right direction. Sometimes you have to make significant risk-based decisions and it is very important that these risks are transparently discussed and evaluated. It will take work, coordination, and cooperation across the agency to implement plans and strategies that benefit the agency and that also mitigate the risks involved to the extent possible.

Despite being a time consuming process to establish and run an effective ERM process, consider the alternatives if an organization is caught off guard. Managing the fall-out from this can often be even more time consuming.

### ***Job Openings...***

The NPFM group has a section on their website for job postings. Check out our website at [www.npfm.org](http://www.npfm.org) for a complete list of jobs. Contact David Richardson at [dr44@verizon.net](mailto: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-boston@googlegroups.com](mailto:npfm-boston@googlegroups.com). If your membership is current and you do not have access to the listserv, please contact Karen Kelley Gill, at [kgill@cedac.org](mailto:kgill@cedac.org).

### ***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 email or in person at a meeting.