



The Alliance for Nonprofit Growth and Opportunity (TANGO)  
2020 Virtual Annual Conference

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2020 Building Bridges Virtual Annual Conference

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**You have Reacted:  
Now it's Time to Reevaluate.  
New Financial Processes and  
Control Structures**

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# Agenda

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- Setting the scene- your reaction- March 13th
- How did you manage
- New Opportunities- Reenergize, Refocus
- Risks to consider
- Revamping the Accounting Processes
- Technologies available



# Friday, March 13, 2020

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- Schools are announcing closings
- Non-essential workers are suggested to stay home
- You or someone in your Organization is making decisions to briefly close or stay open
- Lets focus on Finance:
  - Did you pack a bag?
  - Did you think, but everything is paper?
  - Did you say, no problem I can work from anywhere?



# On March 13<sup>th</sup>

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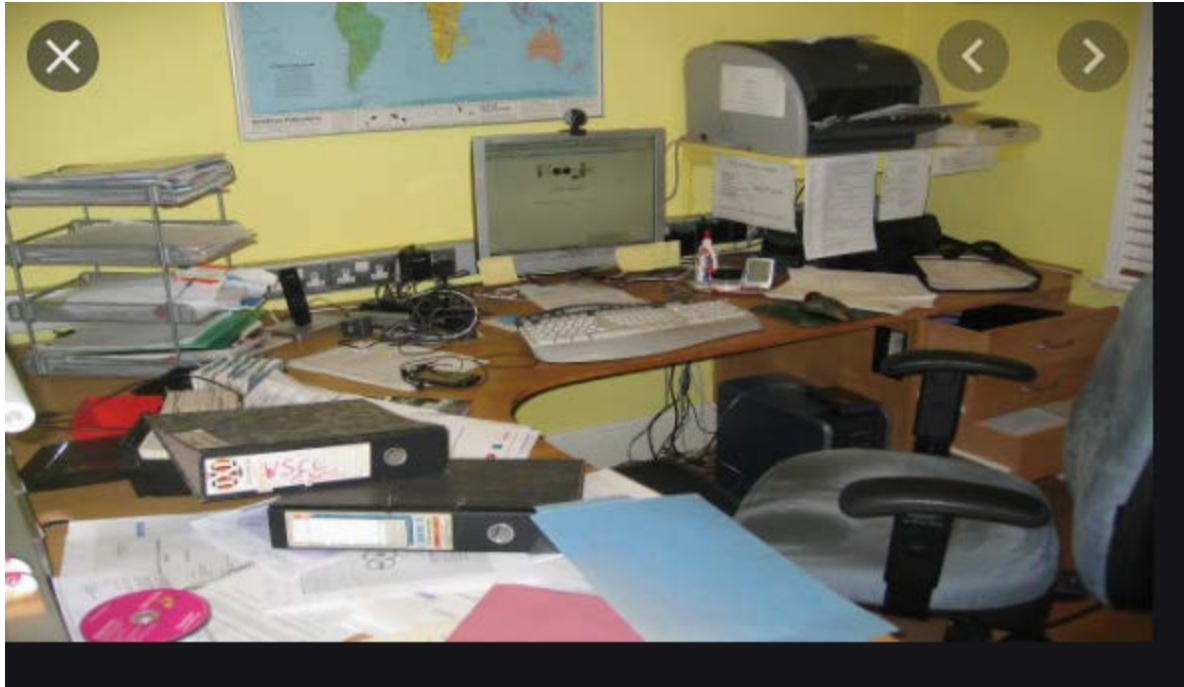
Did your office look like this?



# On March 13<sup>th</sup>

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Maybe not so dramatic... did it look like this?



# On March 13<sup>th</sup>

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We all know someone like this...



# On March 13<sup>th</sup>

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Maybe... you are already neat and organized but still have that binder on your desk for paper?





# On Monday March 16<sup>th</sup>

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- We all needed to make some quick changes



# As we progress...

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- We learned more about the pandemic, this isn't going to be short term
- What seemed like a bad joke... working at our make shift dinner table desk or the folding table... then we quickly what many of us did not expect.... this is here to stay for a bit BUT we knew we would prosper through it
- You figured out how to get bills paid, payroll paid and essential financial aspects completed BUT were there proper controls in place?



# Running during a Pandemic

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- Obviously things are not back to normal, but you have adjusted, now we encourage you to

Treat this as an opportunity to improve our Organizations. Find more efficient ways to accomplish tasks.

1. Take this opportunity to move to a new phase. An intentional, planned out, technology phase.
2. Document out the processes and steps for each accounting cycle. Yes this takes time, but it will be worth it
3. Let's identify ways to make these processes more efficient and still keep the Organization safe guarded



# New Opportunities

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# Key Control to Consider

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- Segregation of duties  
separating three main functions and having them conducted by different employees:
  - Having custody of assets.
  - Being able to authorize the use of assets.
  - Recordkeeping of assets

It is a basic building block of sustainable risk management and internal controls for a business.



# Key Control to Consider

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**Segregation of duties-** Why, what is the risk of segregation of duties?

By not implementing segregation of duties you are putting the Organization at risk. One of the biggest risks is the increased risk of **fraud**. When one person is given the sole responsibility of two conflicting tasks the risk of **fraud** increases. Having more than one person carry out these tasks reduces this risk.



# Key Control to Consider

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**COSO Framework-** Developed in 2013

Committee of Sponsoring Organizations of Treadway Commission

- 1) Control Environment- having defined roles and reporting responsibilities, both management and governance
- 2) Risk Assessment- risks facing your organization and how they relate to your internal controls
- 3) Control Activities- having appropriate controls in place for each accounting cycle
- 4) Information and Communication- receipt and dissemination of information from and to internal and external sources
- 5) Monitoring Activities- Continuous monitoring that prescribed controls are being followed



# AICPA- 3 people example

## Accounting Staff

- Write checks
- Reconcile bank statement
- Record credit/debits
- Reconcile petty cash
- Distribute payroll



## Executive Director

- Sign important contracts
- Make compensation adjustments
- Sign checks
- Complete deposit slips
- Perform interbank transfers
- Perform analytical procedures
- Review bank reconciliation
- Review wire/ACH transaction
- Review account activity

## Accountant / other\*



- Approve payroll
- Process vendor invoices
- Mail checks
- Perform analytical procedures
- Approve invoices for payment
- Disburse petty cash
- Open mail and log cash
- Receive bank statements





# AICPA- 4 people example

## Executive Director



- Sign important contracts
- Make compensation adjustments
- Sign checks
- Perform analytical procedures
- Review wire/ACH payments
- Review account activities



## Accounting Staff

- Write checks
- Reconcile bank statement
- Record credit/debits
- Reconcile petty cash

## Accountant / other\*

- Distribute payroll
- Open mail and log cash
- Disburse petty cash
- Mail checks
- Review bank reconciliation

## Accountant / other\*

- Approve vendor invoices
- Perform interbank transfers
- Approve payroll
- Complete deposit slips



# AICPA- 2 people example

## Accountant or other professional staff\*

- Mail checks
- Write checks
- Reconcile bank statement
- Record credit/debits
- Approve payroll
- Disburse petty cash
- Authorize purchase orders
- Authorize check requests
- Authorize invoices for payment



## Executive Director

- Receive and open bank statements
- Sign checks
- Make deposits
- Perform interbank transfers
- Distribute pay checks
- Review petty cash
- Review bank reconciliations
- Approve vendor invoices
- Perform analytical procedures
- Sign important contracts
- Make compensation adjustments
- Discuss matters with board or audit committee
- Review wire/ACH transactions
- Review account activity



# Example Account Process

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## Control examples:

- Purchases, approval of invoices, creation of check, signer of check, mailing of check
  - 1) **Person One (Program Director)**- Makes the approved purchases
  - 2) **Person Two (Financial Person)**- Approves invoice (initials & dates)
  - 3) **Person Two (Financial Person)**- Creates check for payment
  - 4) **Person Three (Executive Director/Treasurer)**- Signs check & reviews invoice
  - 5) **Person One (Program Director)**- Mails Check to Vendor
  - 6) **Person Three (Executive Director/Treasurer)**- Receives unopened bank statements and reviews statement
  - 7) **Person Two (Financial Person)**- Prepares bank reconciliation and provides to Person three
  - 8) **Person Three (Executive Director/Treasurer)**- Reviews bank reconciliation and compares to original bank statement

**This is an old process, how can this be streamlined for efficiencies?**



# New Process to Consider

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## Updated Controls

- 1) **Person One (Program Director)**- Makes the approved purchases
- 2) **Person Two (Financial Person)**- Approves invoice (initials & dates) through online banking or bill pay service, the services sends notification to Person Three.
- 3) **Person Two (Financial Person)**- If different timing than invoice approval, creates online payment and sends for approval
- 4) **Person Three (Executive Director/Treasurer)**- approves payment online with password security
- 5) **Person Three (Executive Director/Treasurer)**- Review online bank statement through read only access.
- 6) **Person Two (Financial Person)**- Prepares bank reconciliation and provides to Person three
- 7) **Person Three (Executive Director/Treasurer)**- Reviews bank reconciliation and compares to original bank statement

### Other Process Considerations

- Where is invoice being filed (paper or electronic)
- Storage of check stock (how much is needed), online bill pay
- Set up automatic payments with certain utility vendors



# Available Technologies

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- **Remote Servers**
  - Net Extender
  - Citrix
- **Google Drive**
  - Team communications
  - Document sharing in draft mode
- **Accounting Software's**
  - Cloud computing
  - QuickBooks Online
- **Online programs**
  - Bill.com
  - HR Programs (many of them)
  - Automated payments
  - Bank payments
- **TEAM's communication/ document sharing**

**ASK for  
FREE DEMOS**



# Other considerations:

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- Has the Organization Gift Acceptance Policy been updated
  - Paypal donation
  - Online donation
- Document retention policy updates:
  - Electronic files vs paper

# Questions?

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# Amber Tucker

## Director, Assurance & Advisory Services

- Amber has sixteen years of public accounting experience. She specializes in providing auditing services to not-for-profit clients. She began her career at a national firm, performing financial statement audits in not-for profit, manufacturing, distribution and retail industries. Amber is focusing her time in the not-for-profit industry with her technical expertise focusing on areas including but not limited to social services, performing arts and museums.
- She is also proficient at government single audits for Federal and State compliance. Amber excels at providing superior customer service and works with her clients to keep up to date on financial statement changes, requirements and compliance issues. She is also actively involved in the community as a board member and volunteers with various organizations. Amber has also giving back to her profession teaching an audit course to juniors and seniors at Eastern Connecticut State University.



### Community Involvement

- Oak Hill, Board of Directors (May 2019 - Present)
- Church of Saint Andrew the Apostle- Bookkeeper and Treasurer (January 2015 - Present)
- Connecticut Coalition Against Domestic Violence, Board of Directors (May 2010 - September 2018)
- HARC, Inc. Board Member and Treasurer (June 2013 - July 2017)
- Connecticut Society of Certified Public Accountants (CTCPA), Board Member & Audit Chair (May 2012 - 2014)

### Education, license and affiliations

- Eastern Connecticut State University- BS in Accounting
- University of Hartford- Masters of Science Degree in Accounting
- Certified Public Accountant (CPA)
- A member of the CTCPA and the AICPA



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