Technology for Greater Accountability and Stewardship

Liz Marenakos
Blackbaud Senior Product Manager
The Role of Technology in Nonprofit Accountability

- Leveraging technology for self-governance
- Leveraging technology to ensure transparency
- Lessen the burden of demonstrating accountability & stewardship
Agenda

- Technology and the 7 Steps
  - Step 1: Form an Audit Committee
  - Step 2: Define Organizational Policies and Monitor Frequently
  - Step 3: Report Finances
  - Step 4: Establish Internal Controls
  - Step 5: Provide for Whistleblowers
  - Step 6: Ensure Auditor Communication to Board
  - Step 7: Disclose to the Public

- Visual overview of how technology can be the vehicle to communicating internally and externally
Step 1: Form an audit committee

- Provide audit committee members with an overview of the back office technology currently in place

- Provide audit committee members with an overview of the controls built into the system
  - Include information on the current controls around the use of the system.

- Provide the audit committee with an overview of the technology replacement strategy
  - If replacement is imminent, provide them with the organization’s strategy for reducing implementation risk

- Provide the audit committee with an overview of current and planned integration between disparate databases
Step 2: Define Organizational Policies and Monitor Frequently

- Policies and Procedures should be written down and adhered to

- Analyze your approval processes and workflows
  - Are duties segregated to the extent possible?
  - Identify potential problem areas

- Use technology to do some of the monitoring
  - Technology should allow you to segregate duties
  - Technology should allow you to enforce approval policies.
  - Technology should allow you to enforce budgetary controls
  - Use technology to monitor critical ratios

- Technology should make you more efficient
  - Spending less on operations and monitoring frees more money for mission
Step 3: Report Finances

- Consistent, timely reporting is critical to demonstrating accountability and stewardship

- Report to different constituencies often requires different reporting formats
  - Technology should allow you to quickly and easily produce reports in multiple required formats.
  - New reporting requirements should not trigger additional customizations
  - When selecting new systems, make sure you can easily create new reports yourself.

- Reporting today may also require statistical and outcome measurement
  - Make sure the system you choose has the flexibility to respond to new non-financial reporting requirements
Step 4: Establish Internal Controls

- Two distinct components to internal controls

- Technology/systems today have some internal controls built in
  - Make sure you understand the controls built into your systems
  - Make sure you understand the role based security built into your systems
  - Make sure you can configure the system to adapt to a changing business model
  - Technology can provide for a direct link between the paper that generates the transactions
  - Technology should allow you to configure business rules for use of the system

- Analyze staff interaction with the system
  - What controls do you need to put into place to reduce the opportunity for fraud
  - Limited resources and small staffs increase the need for strong system controls
Step 6: Ensure Auditor Communication to Board

- Management must implement controls, document the controls and monitor their effectiveness over the transaction processing that ultimately results in external financial statements
  - Management should assess the effectiveness of these controls annually
  - Any significant changes in system design should impact controls and the testing of those controls

- Auditors test the efficacy of management’s control

- The auditor must communicate the results of testing directly to the board
Step 7: Disclose to the Public

- Timely, consistent reporting to external constituencies reinforces accountability and stewardship

- Leverage the internet to distribute information to the public at large

- Strengthen donor affinity by publishing what they want to know when they want to know it

- Disclose both financial and non-financial information
  - Financial reporting – How did you spend the dollars they gave you? Is the organization better prepared to move into the future?
  - Impact reporting – How did you improve the community through spending their dollars wisely and well? What outcomes can you highlight that will demonstrate this impact?
In Conclusion

- Leveraging technology throughout your organization can:
  - Enhance the understanding and visibility of software and other technology within your organization
  - Enhance business decision making with higher quality, more timely information
  - Help align program initiatives with business requirements
  - Prevent loss of intellectual capital and possibility of system breach
  - Contribute to compliance with other regulatory requirements, e.g. privacy
  - Provide a competitive advantage through more efficient operations
  - Optimize operations with an integrated approach to security, availability and data processing integrity
Technology addresses your unique challenges
Questions?
Wrap Up

www.blackbaud.com/accountability
Stewardship@blackbaud.com