

## DON'T SACRIFICE INTERNAL CONTROLS WHILE OPERATING REMOTELY

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As many or all organizations make this unexpected and rapid switch to working remotely, all efforts have likely been focused on determining how your non-profit can continue to provide programs and services to your clients. While that is the obvious and urgent immediate need, it is equally important to make sure that you manage your organization and your staff appropriately in this new work environment. Internal controls cannot be disregarded during a time of crisis. It is important now more than ever to ensure that your organization maintains these controls and doesn't lose sight of why they were implemented in the first place. If you are operating with a reduced staff, less oversight of staff, unavailability of key staff, leaders must still ensure that all levels of controls are being followed.

### Take the time to review your internal controls

Has the move to remote work and/or reduced staff impacted the ability to maintain these controls? How can you ensure that the organization is protected during this period of change and challenge? Most important are your financial controls, don't sacrifice them during this critical time. Review the following key areas:

#### **Banking/Financial**

- ✓ Is your organization set up for online banking?
- ✓ If not, how are financial transactions being handled?
- ✓ Are key finance staff still available and able to do their job remotely?
- ✓ Do you have a corporate credit card?
- ✓ Has oversight or reporting structures changed due to this new environment?
- ✓ Can you maintain segregation of duties?
- ✓ Are physical checks going to the office? Who is getting them?

The answers to these questions will determine where the risk lies and what you need to do to maintain the integrity of the organization. The charts below can be used to check and maintain your controls and oversight. If controls need to be adjusted or changed, make sure that the Board authorizations and by-laws are followed. If all authorized users and reviewers are still able to carry out their functions then you are in good shape. **If you have to make staff changes, remember, the same name should never be in both columns!**

	<b>Authorized Access</b>	<b>Review/Sign Off</b>
<b>On-line Banking</b>		
<b>Check deposits</b>		
<b>General Ledger transactions</b>		
<b>Corp Credit Card</b>		
<b>Check signing</b>		
<b>Cash Disbursements</b>		
<b>Timesheet Review</b>		
<b>Payroll</b>		

If your staff is severely reduced, call on your Board. They should be able to review and sign off on financial transactions where there is no ability to segregate duties. Or use outside expertise to help you maintain your ability to function in a proper control environment.

### **Cyber Security and Technology Controls**

<b>Access</b>	<b>Authorized Access</b>	<b>Review/Sign Off</b>
<b>Passwords and Login Changes</b>		
<b>Monitoring system traffic</b>		
<b>Firewalls and Security</b>		
<b>General Ledger system changes</b>		
<b>Patches</b>		

If you are a very small organization, you may not have the internal expertise to adequately ensure that your information and technology is being managed properly. You may have had to quickly provide access to employees to work from home. Do you still have an IT person available to help staff set up working remotely? Have they been properly trained on working remotely and cybersecurity? Do you still have the capacity to monitor and maintain integrity?

### **Human Resource**

<b>Access</b>	<b>Authorized</b>	<b>Review/Sign Off</b>
<b>Employee Records</b>		
<b>Employee Complaints/Investigations</b>		
<b>Payroll/Timesheets</b>		
<b>Medical Leave</b>		
<b>Benefits</b>		

Privacy concerns must be addressed when allowing access to employee records and other information. No additional access should be granted to employees not currently charged with HR functions. If HR staff is compromised, make sure the integrity of the data is not impacted by moving the function to another employee. Again, now is the time to utilize you Board.

### **Summary**

This is a new work environment. One that is going to go on for quite some time. In order to ensure that your non-profit maintains its ability to function, check your controls. If you don't have them, create them. If you have to change them, do it appropriately. Now is not the time to loosen controls, work around controls or disregard controls. They serve a vital purpose and whether you have a staff of 20 or a staff of

2, you can still maintain a strong control environment. Utilize your Board or call on outside consultants for help in determining if you have a strong control environment or to fill in for staff that may be impacted by the COVID-19 crisis. These are some key steps you can take now to ensure that your non-profit functions to its greatest ability during this trying time.

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