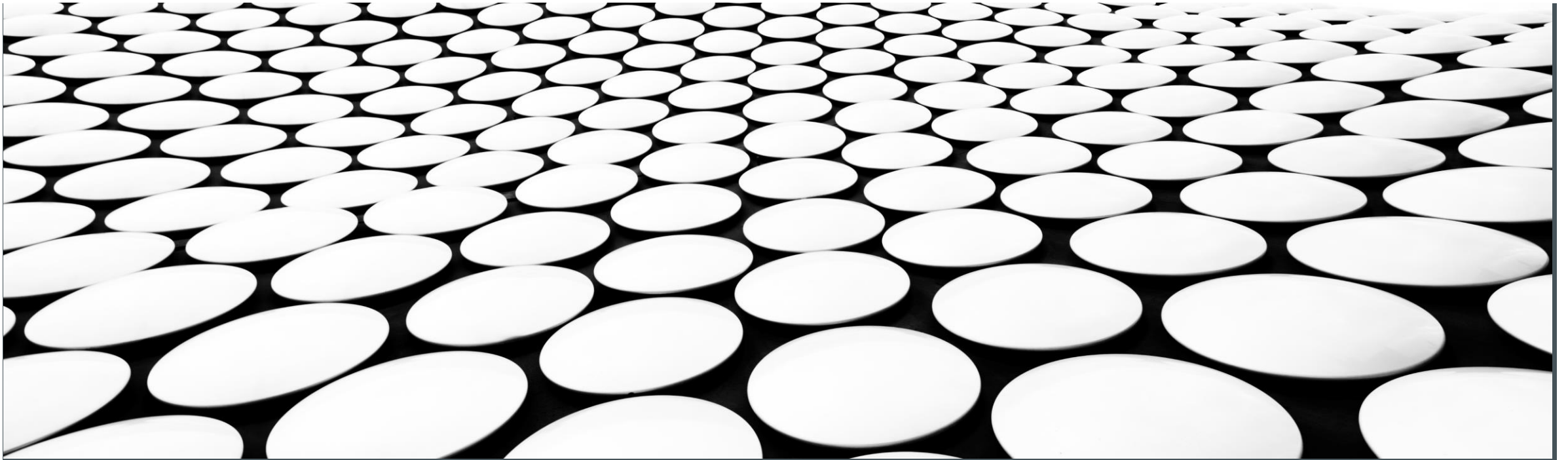


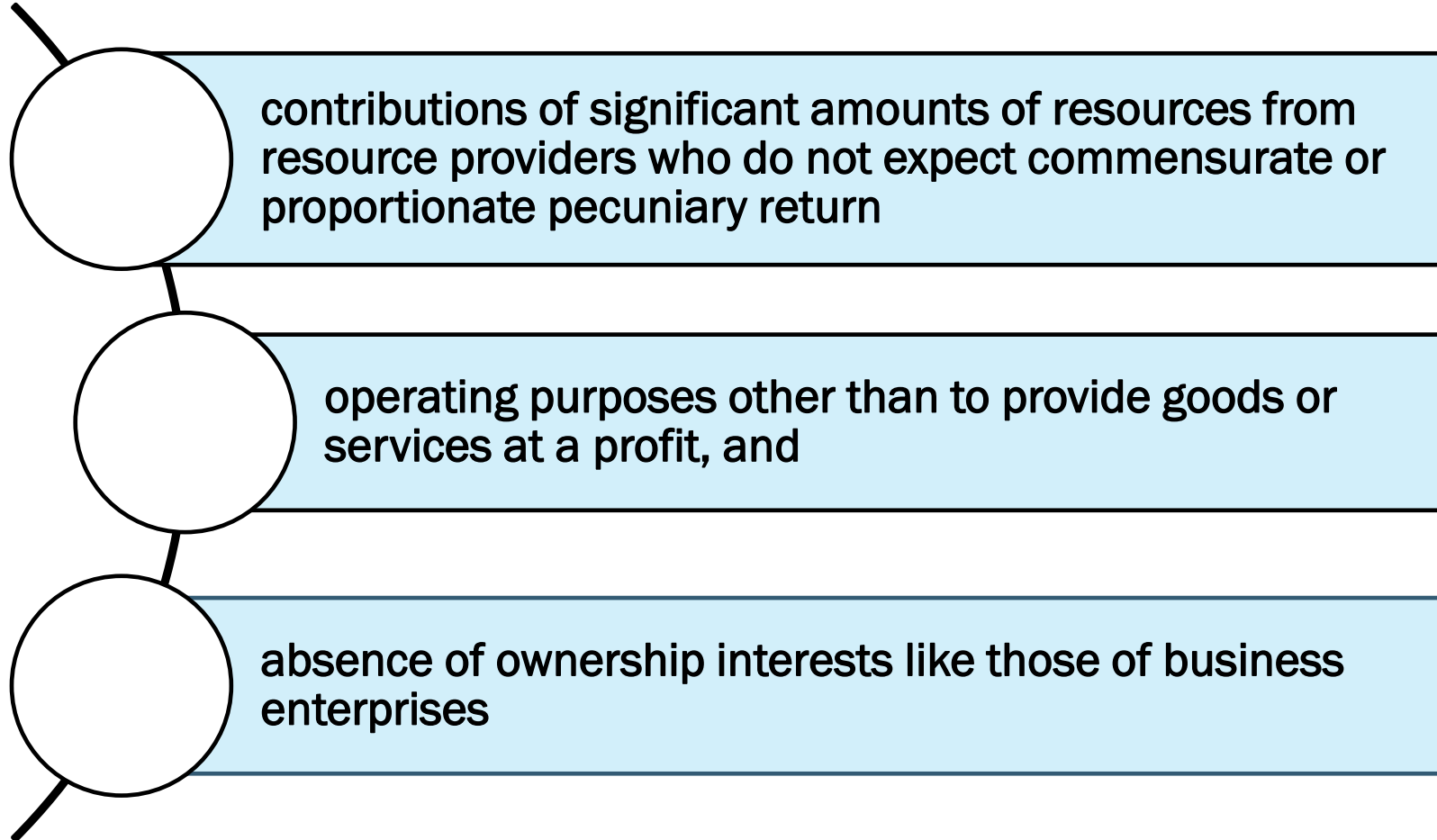
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# **BEST PRACTICES ON GLOBAL NOT FOR PROFIT ORGANIZATIONS**

**BY B D CHATTERJEE *FCA, ACMA, ACS, DIP (IFR) ACCA – UNITED KINGDOM***



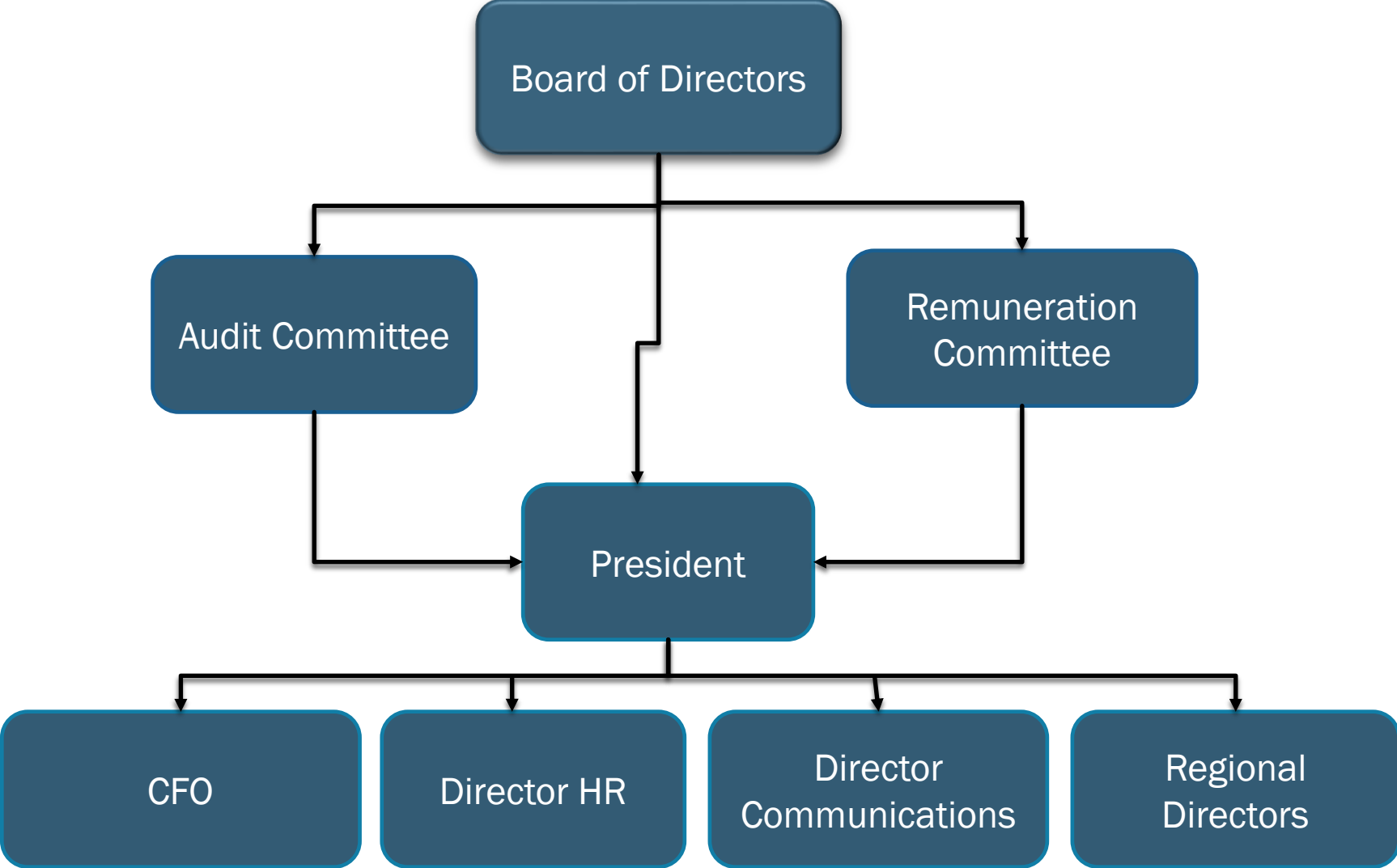
# WHAT IS A NOT FOR PROFIT ORGANIZATION?



# BEST PRACTICES OF NOT FOR PROFIT ORGANIZATIONS

- Governance Process
- Building a strategy
- Develop a Business Plan, Annual Budget and rolling Cash Forecast
- Fund raising
- Crowd funding
- Enterprise Resource Planning solution
- Knowledge Management
- Human Resources Management
- Delegation of Authority
- Transaction processing
- Enterprise Risk Management
- Communication

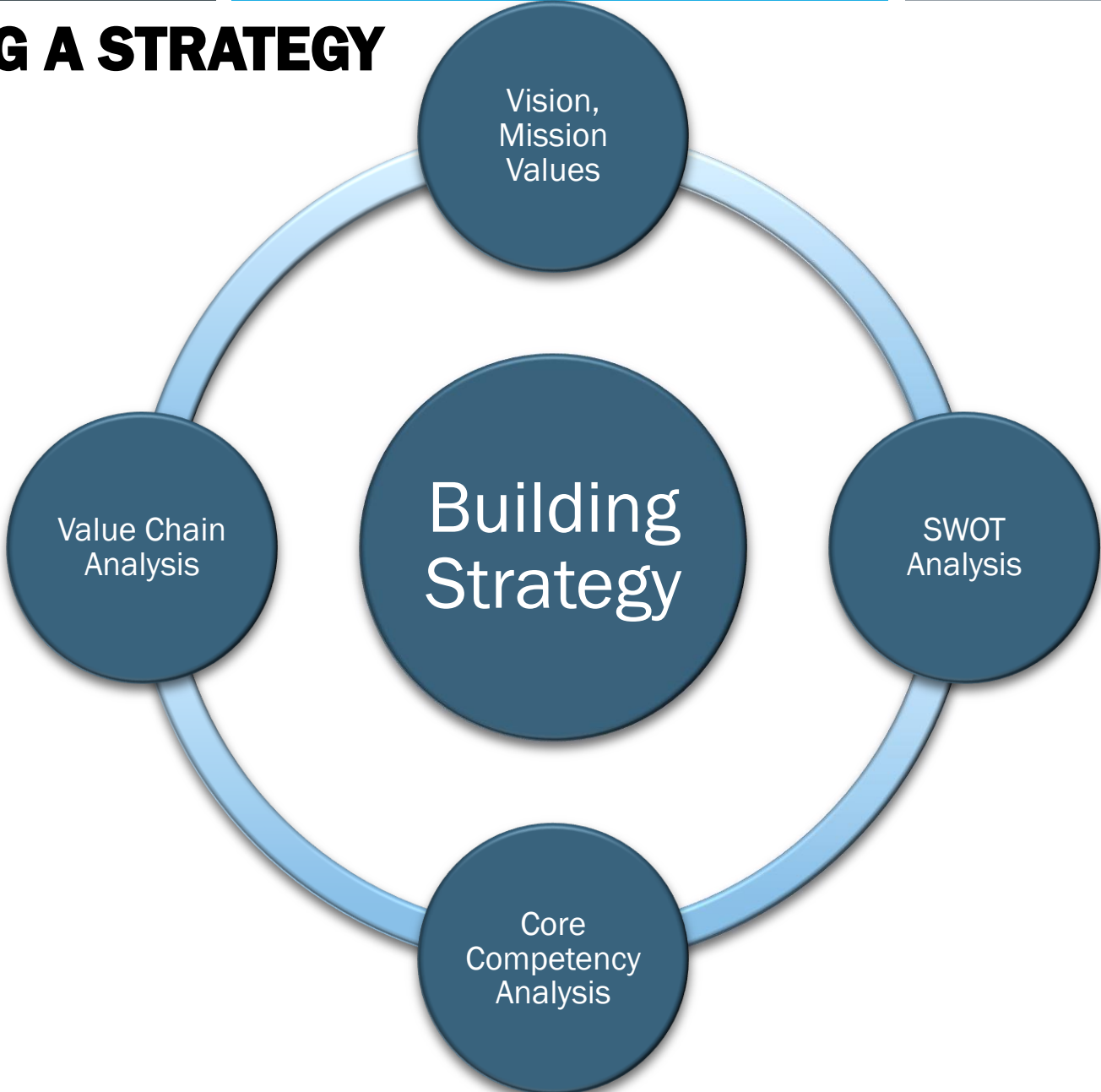
# GOVERNANCE PROCESS



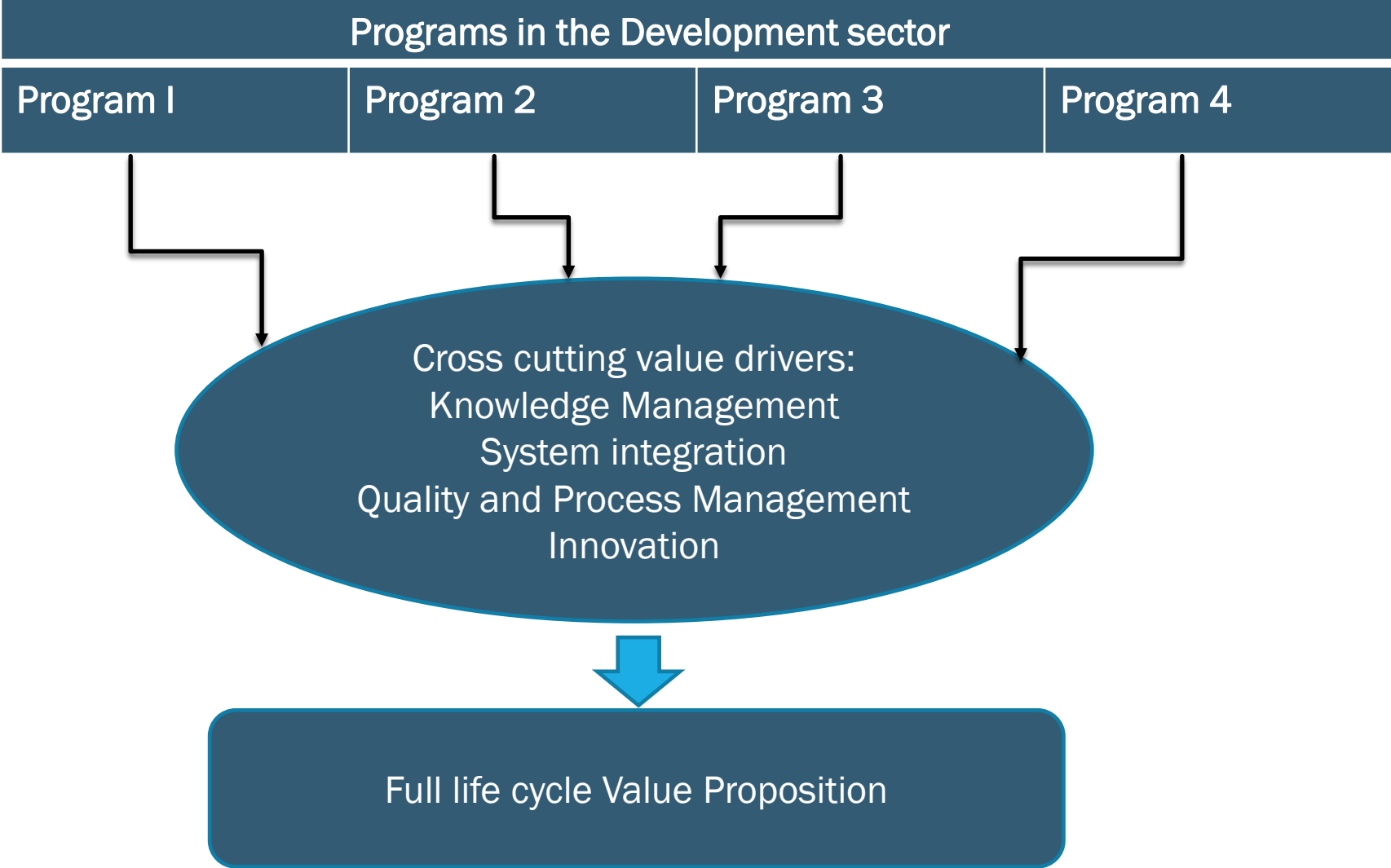
# BENEFITS OF ROBUST GOVERNANCE PROCESS

- Improves Corporate performance through effective strategy and execution capabilities
- Augments Accountability
- Enhances investor trust and confidence
- Combat corruption through robust enterprise control processes
- Builds trust from donors
- Opens doors to prospective funding opportunities
- Improves Enterprise Risk Management
- Assists quality of decision making

# BUILDING A STRATEGY



# STRATEGY FOR NOT FOR PROFIT ORGANIZATION

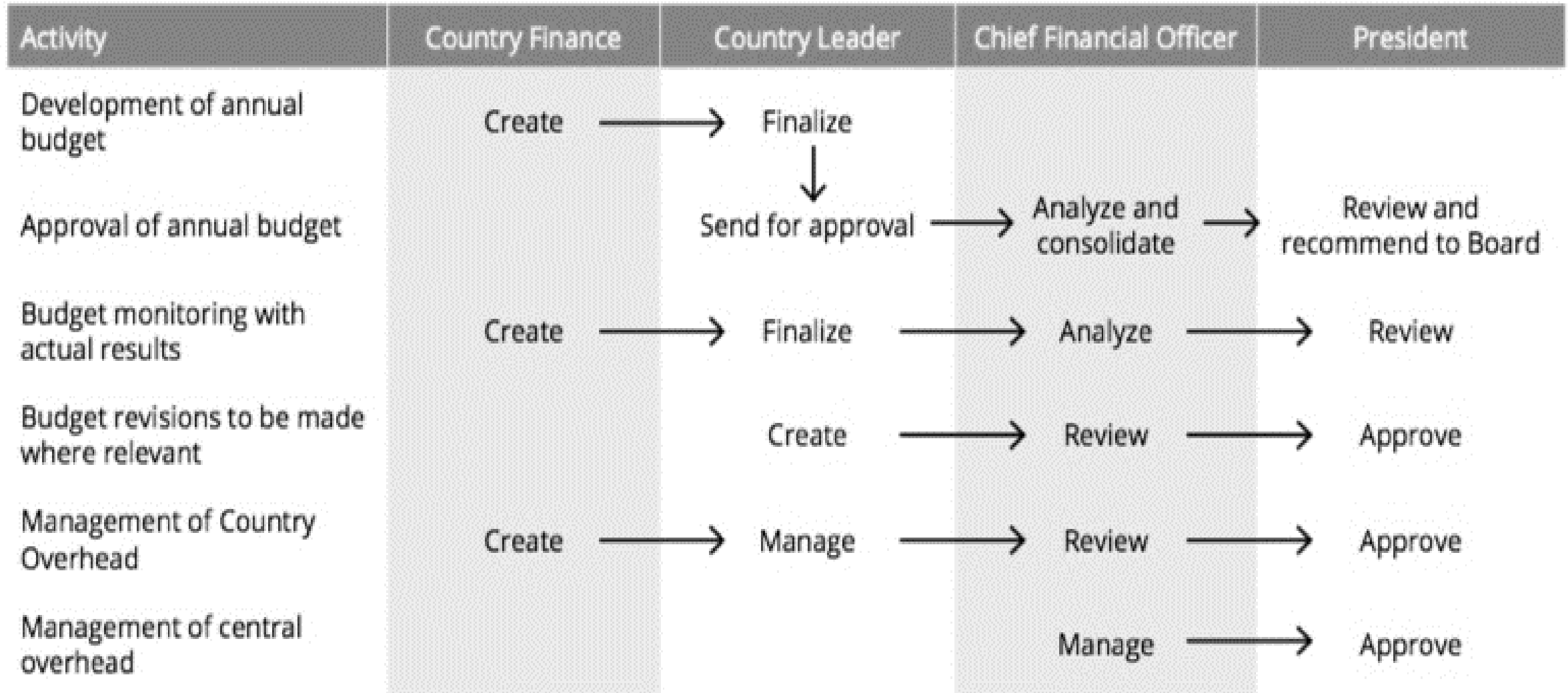


# DEVELOP A BUSINESS PLAN

- Executive Summary
- Vision, Mission, values statement and a SWOT analysis of the organization
- Market intelligence including a summary of other players in the market and their strengths and weaknesses
- Operational Plan
- Resource Plan
- Social Impact
- Risk Assessment
- Financial Plan



# DEVELOP AN ANNUAL BUDGET



# DEVELOP ROLLING CASH FORECAST

- Annual revenue and expenditure Budget by program and by country needs to be broken down by month to determine the cash burn rate per month.
- Rolling cash forecast needs to be prepared for each major grant and summarized into country to depict for how long the grants available can sustain the monthly cost base. A specimen format is shown below.

ROLLING CASH FORECAST										
Group:										
Actual										
Head	Budget 2017	Jan- May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Opening Balance										
Revenue										
Staff related expenses										
Employee Benefits										
Travel										
Office Related Expenses										
Service Fees-Financial, Audit, Accounting										
Communications										
Other Program expenses										
Insurance										
Exchange Rate Gain/loss										
Indirect Expenses -Overhead										
<b>Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Surplus/Deficit</b>	-	-	-	-	-	-	-	-	-	-
Opening bank balance	-									
Closing bank balance	-									
Surplus / Deficit Bank	-	-	-	-	-	-	-	-	-	-

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# FUND RAISING

The main sources of funding are:

- Gifts and donations – Cash or kind
- Grants – Foundations or Corporates
- Loan financing and equity capital
- Contracts – for education and research
- Events and advisory services
- Crowd funding

# CROWD FUNDING

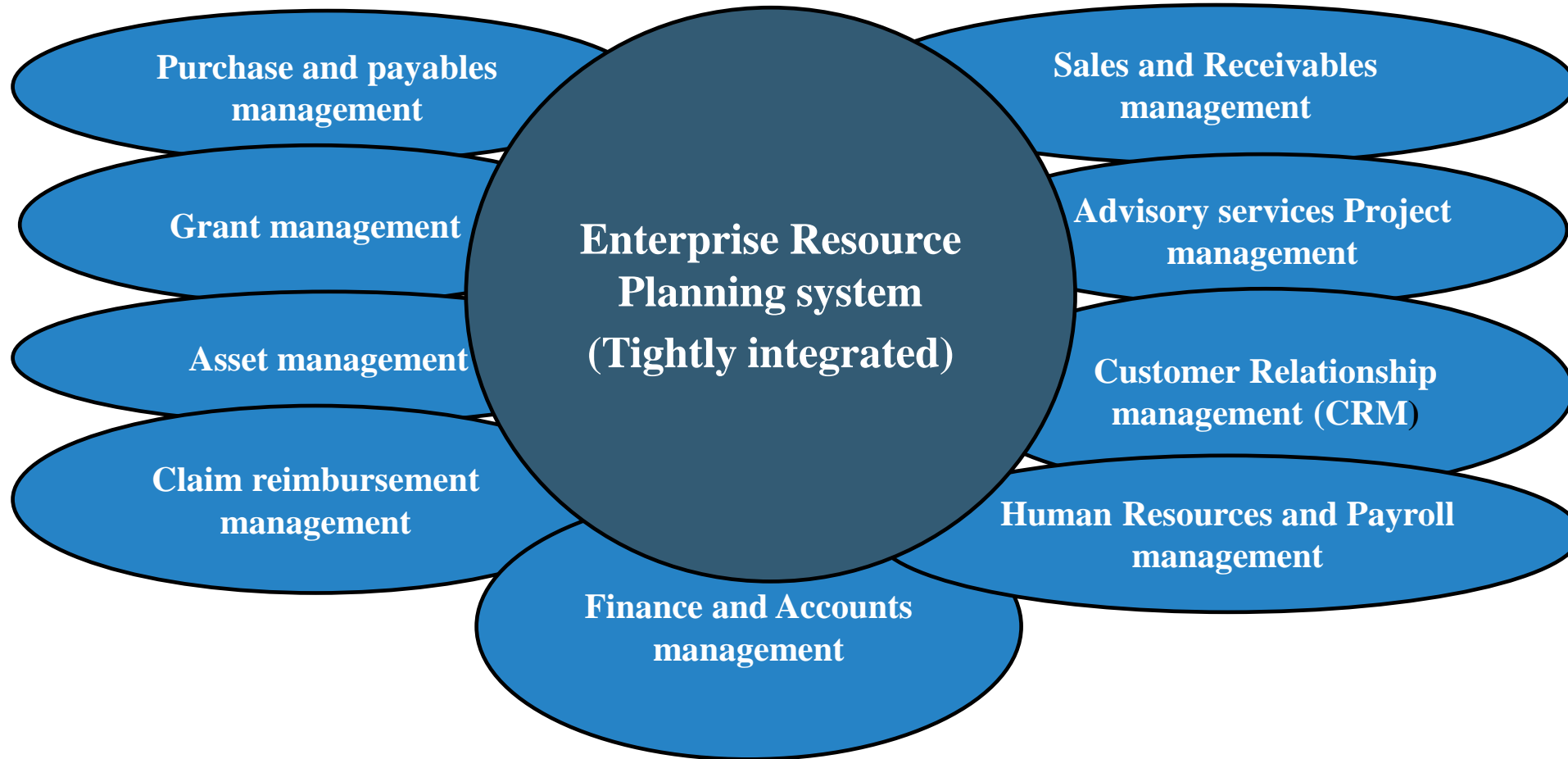
- ❑ Crowd Funding is the practice of funding a project or venture by raising money from a large number of people who each contribute a relatively small amount, typically via the internet.
- ❑ Crowdfunding required multiple people to support rather than one or two major donors.
- ❑ The success of crowdfunding is usually related to the intensity of the campaign and the transparency of its communication.
- ❑ Engaging people through advertorials, brand building, and networking is an important part of crowdfunding.
- ❑ Capturing the interest of many people and building that base is another key to success.
- ❑ Crowdfunding is a two-way process and hence quick responses and turnaround time are often seen.
- ❑ The platform of crowdfunding supports a wide range of donations, from single specific causes such as raising money for the treatment of a child to large causes such as climate change.
- ❑ Crowdfunding over the online platform has evolved to a point where a rating and review system has been developed to give the donor the tools to decide on which project to fund.

# ENTERPRISE RESOURCE PLANNING SOLUTION

Eliminate island systems and implement an simple state-of-the-art integrated software solution preferably in cloud to handle:

- Scalability of operations.
- Data can be accessed from anywhere.
- Critical data can be preserved with regular back up.
- Data is entered into the system only once leading to zero reconciliation and minimum manual efforts.
- Management information system and management reporting can be more reliable as it will not have dependency of manual efforts.

# ENTERPRISE RESOURCE PLANNING SOLUTION



# KNOWLEDGE MANAGEMENT

- Data protection
- Intellectual Property rights
- Controlled data storage
- Retrieval rights of confidential knowledge management data through Organization hierarchy

# HUMAN RESOURCES MANAGEMENT

- Organisation chart approved by Board of Directors
- Structured roles and responsibilities
- Employee grading structure
- Effective Performance Management system
- Policies related learning and development
- Policies related to compensation and benefits
- Competency mapping
- Incentive policy
- Effective exit policy and Full and Final settlement.

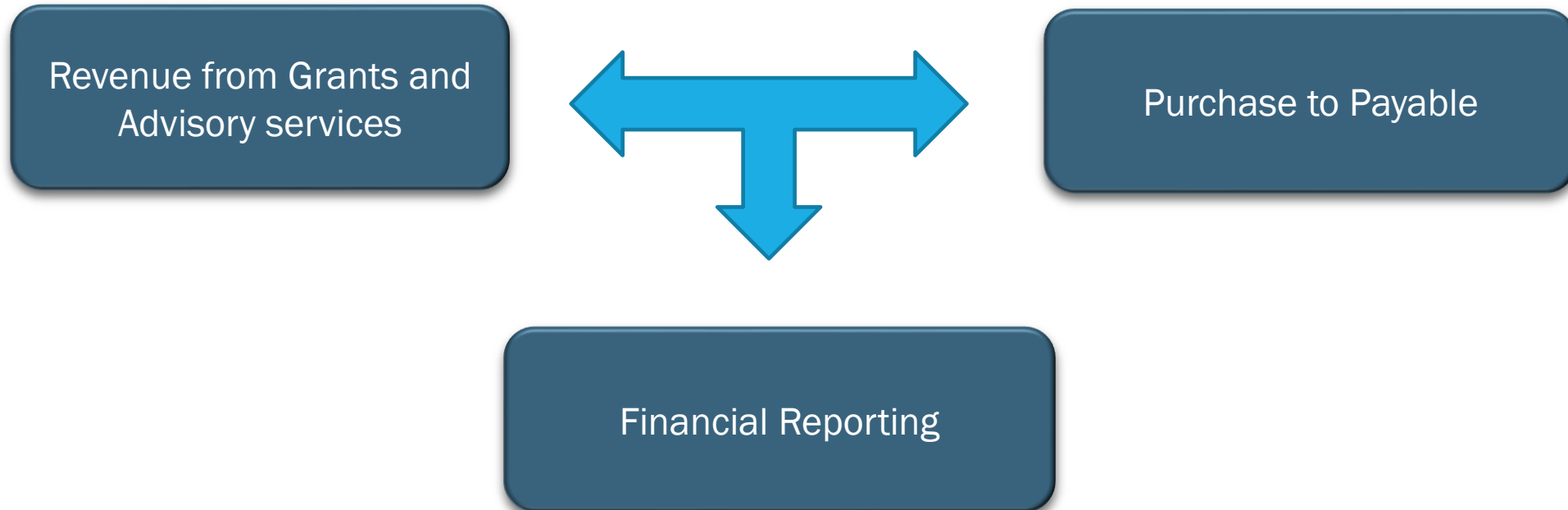


# DELEGATION OF AUTHORITY

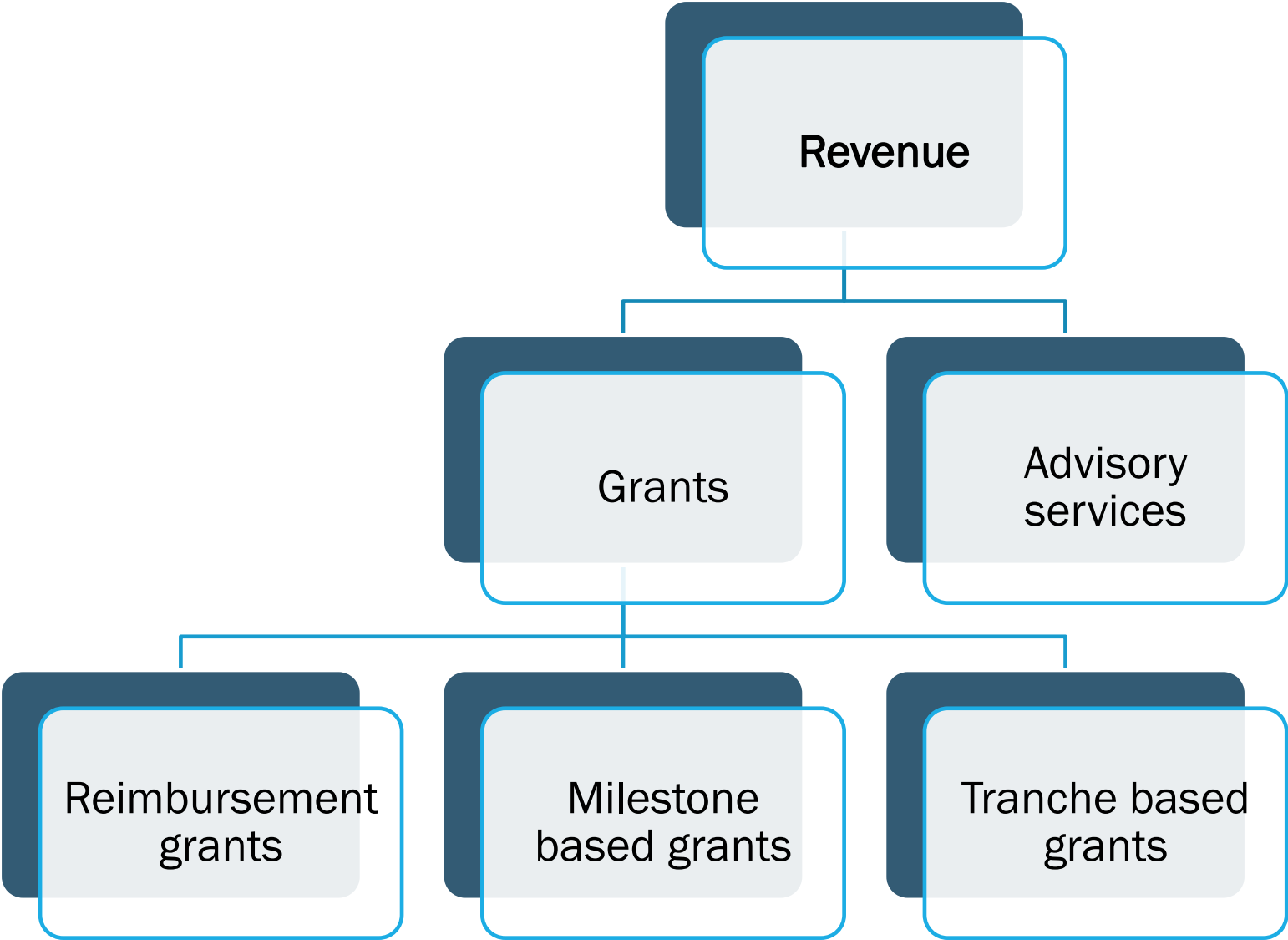
Delegation of Authority is a set of structured financial authority limit approved by the Board of Directors based on executive roles and responsibilities as a part of the corporate governance process and control. An example of delegation authority matrix is shown below.

Item	Board of Directors	President	CFO	Regional Director	Program Lead
Expenditure if budgeted	-	All expenditure as per budget	Up to \$ 50,000	Up to \$ 50,000	Up to \$ 15,000
Expenditure if not budgeted	Above \$ 50,000 if not budgeted	Up to \$ 50,000 if not budgeted	-	-	-
Approval of grant proposals	-	Above \$ 50,000	Up to \$ 50,000	Up to \$ 50,000	Up to \$ 15,000
Program contracts	Above \$ 100,000	Up to \$100,000	Up to \$50,000	Up to \$50,000	Up to \$15,000
Employment contracts		Above \$50,000	Up to \$50,000	Up to \$50,000	Up to \$15,000
Expense reimbursement		Above \$50,000	Up to \$50,000	Up to \$50,000	Up to \$15,000
Sub grants		Above \$50,000	Up to \$50,000	Up to \$50,000	Up to \$15,000
International travel		All approvals by President			
Domestic travel			Approval on portal	Approval on portal -	Approval on portal -
Capital expenditure			More than \$ 250		
Petty cash			Up to \$ 100	Up to \$ 100	Up to \$ 100

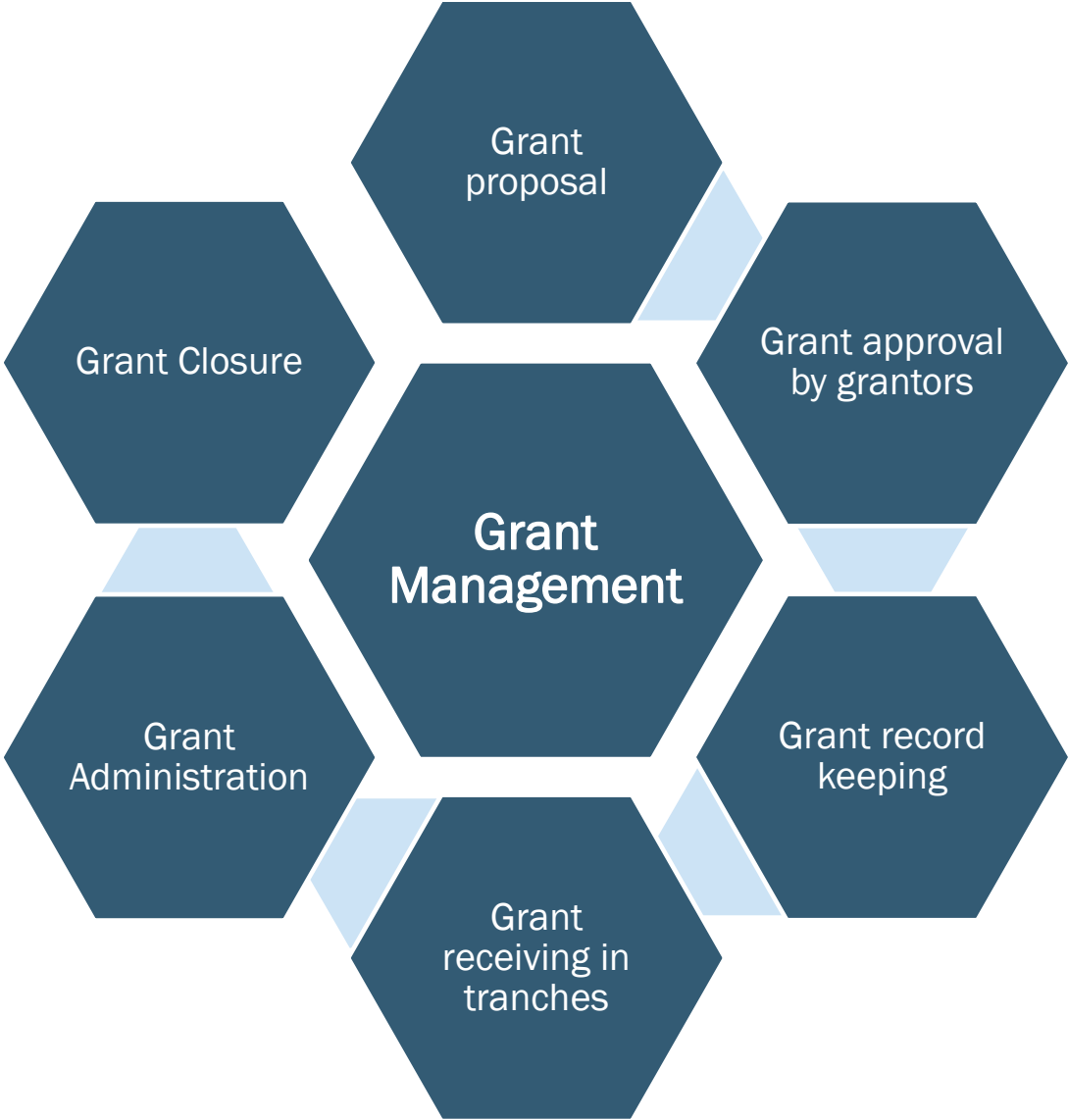
# TRANSACTION PROCESSING







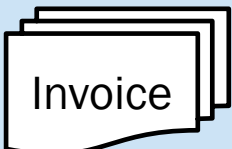
# REVENUE FROM GRANTS AND ADVISORY SERVICES




# GRANT MANAGEMENT PROCESS



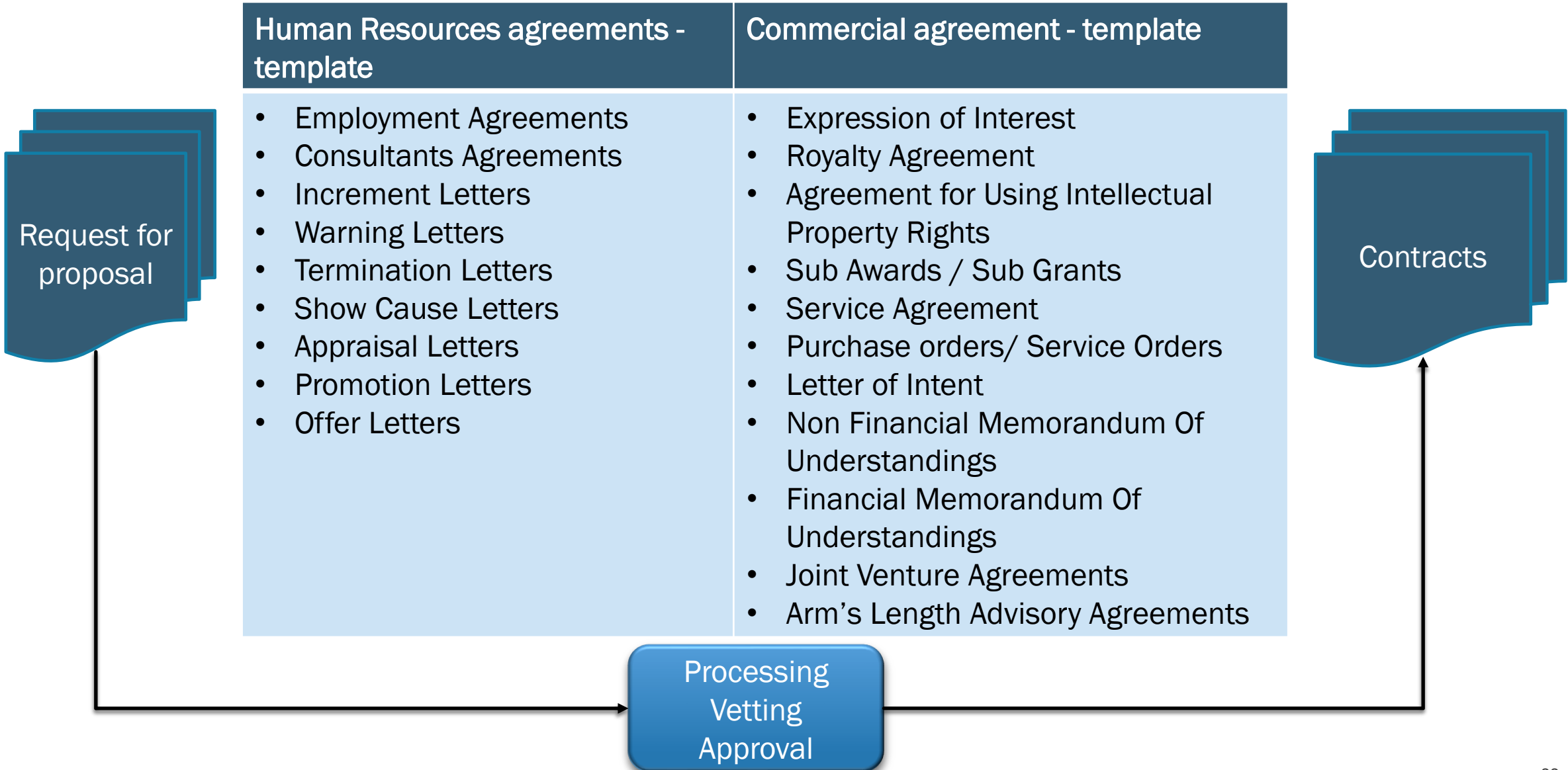
# PURCHASE TO PAYABLES

Process cycle	Document
Purchase Requisition processing	Approved Purchase Requisition → 
Quotation request and quotation management	Quotation → 
Purchase Order Processing	Approved Purchase Order → 
Good Receipt	Goods Receipt Note → 
Invoice verification	Invoice verification → 

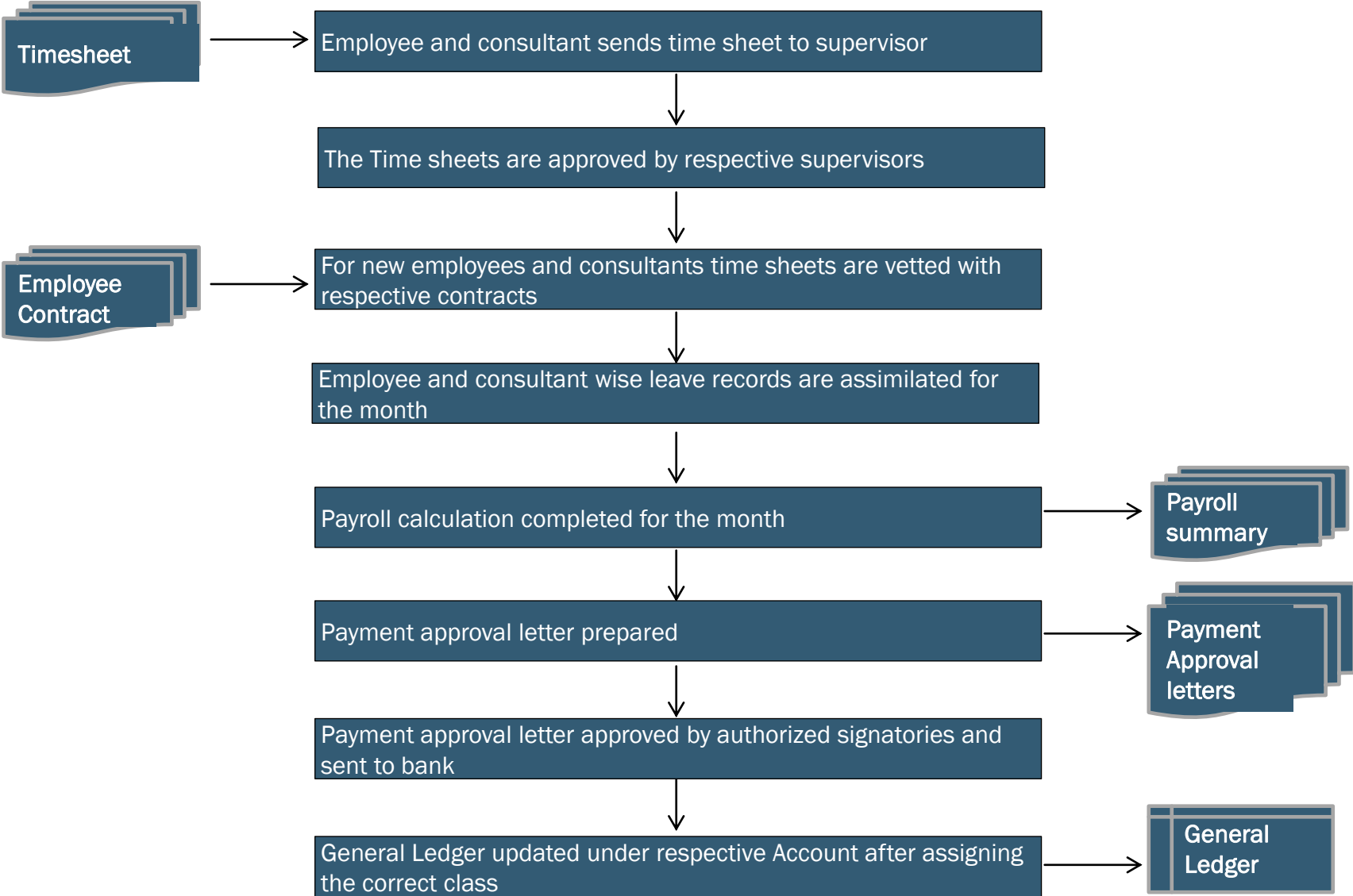


Three Way match

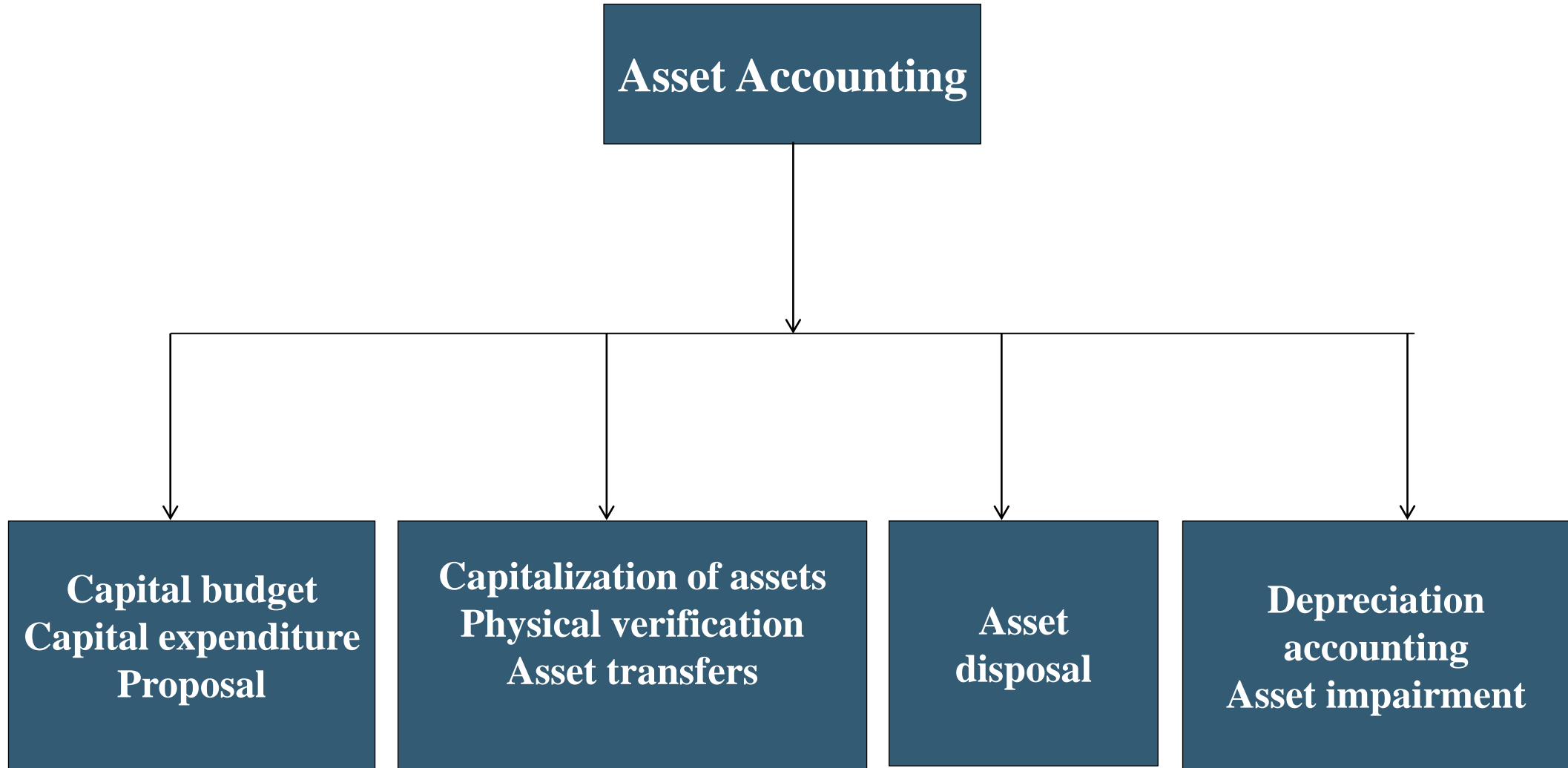
# CONTRACT MANAGEMENT



# TIME SHEET AND PAYROLL MANAGEMENT



# FIXED ASSETS AND DEPRECIATION

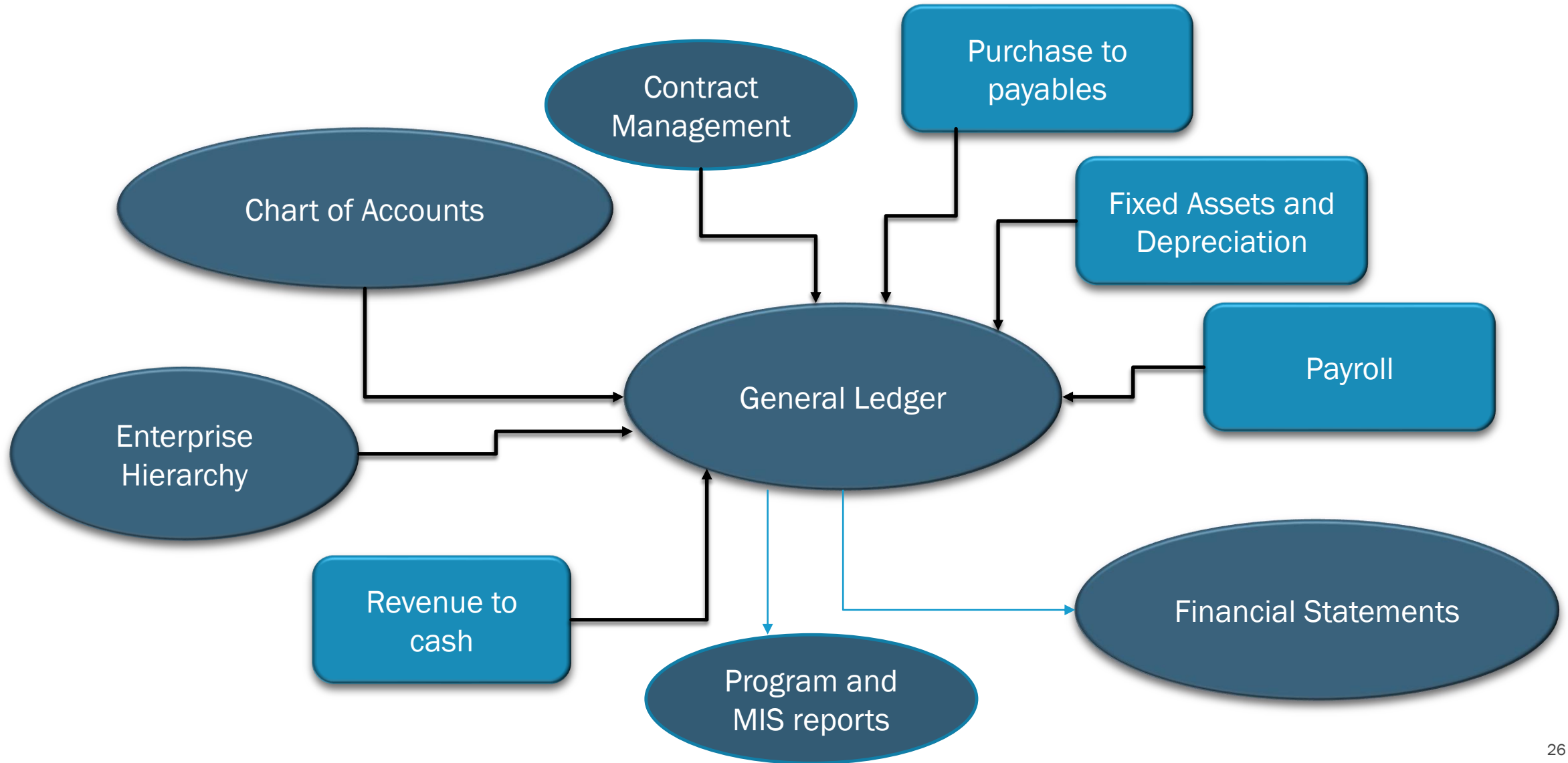




# FINANCIAL CLOSURE

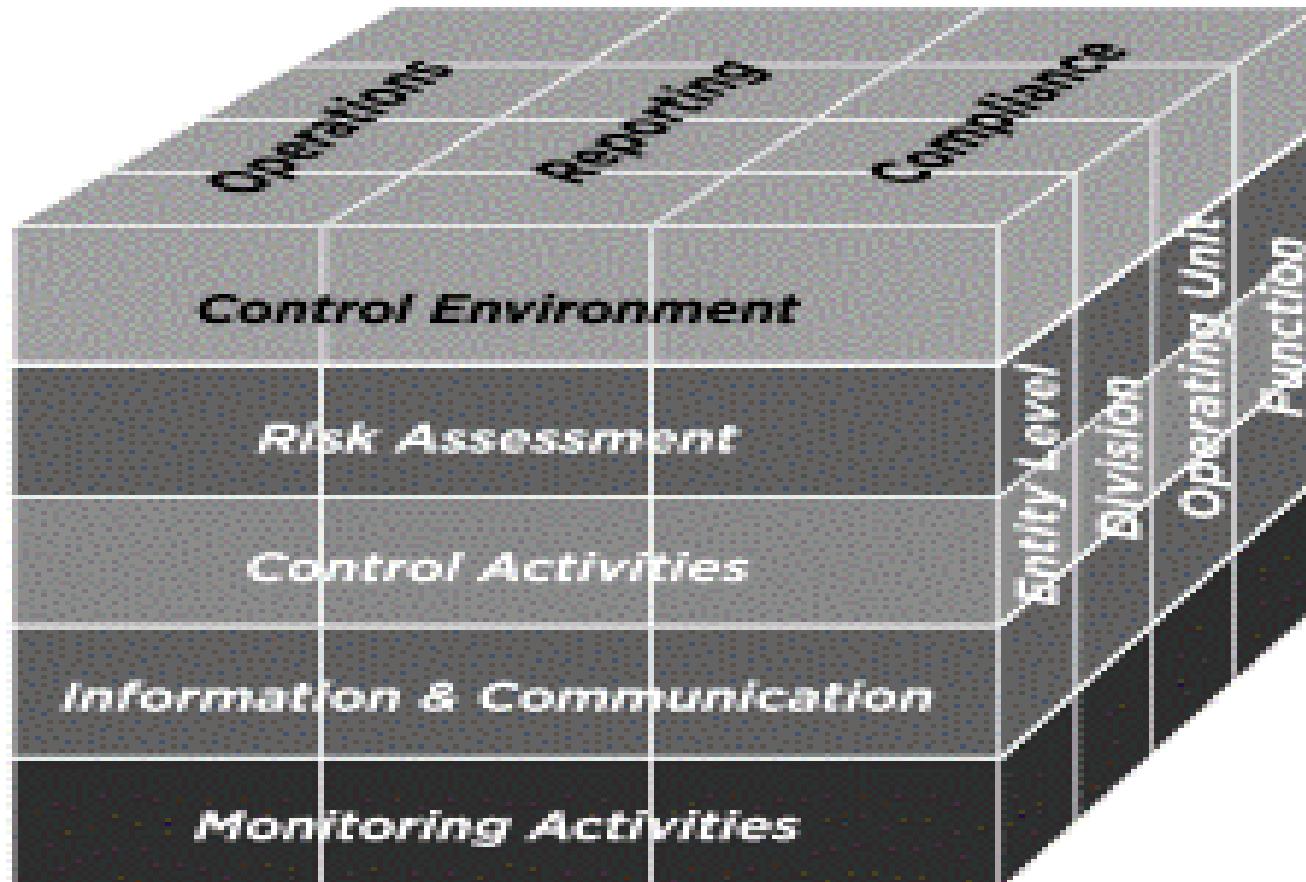
Process	-2	-1	0	1	2	3
Post all invoices, receipts and vouchers in the books of account	x					
Complete bank reconciliation			x			
Complete reconciliation of customer account with receipts		x				
Complete reconciliation of all vendor account with payments		x				
Complete reconciliation of all stock and consumption account			x			
Post all adjustment entries/rectification entries			x			
Complete updation of all provision related to statutory liabilities			x			
Generate General Ledger				x		
Finalize Financial Statements					x	
Finalize Financial Dash Board						x

# FINANCIAL REPORTING



# RISK MANAGEMENT

Enterprise Risk Management is a process-based approach where the various components interact as part of an on-going, iterative process. The three dimensional cube is shown below.



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# CONTROL ACTIVITIES



# INTERNAL CONTROL PRINCIPLES

Internal control principles	Process Narrative
<i>(a) Establish Delegation of Authority</i>	Across organization hierarchy and value chain
<i>(b) Assign Accountability</i>	Assign each task to only one person and make him accountable
<i>(c) Segregate Duties</i>	Don't make one employee responsible for all parts of a process, preferably in the lines of segregation of custody, recording and approval functions
<i>(d) Restrict Access</i>	Don't provide access to systems, information, assets, etc. unless needed to complete assigned responsibilities; except for the power user/system administrator, no single user can have access to the entire system
<i>(e) Document Procedures and Transactions</i>	Prepare documents to show that activities have occurred; Develop audit trail of each activity
<i>(f) Independently verify</i>	Check others' work, introduce maker, checker and approver concept

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# COMMUNICATION

Develop an effective communication strategy through :

- Develop a logo which effectively explains the mission of the organization,
- Build and continuously update organization website,
- Regular presence in Social media,
- Periodic Email flyers to stakeholders and connects,
- Physical and virtual conferences.



**THANK YOU!**