Reaching the WHOLE CHILD

COMPASS CONVENING SERIES

DYCD | NYC

The Department of Youth & Community Development

Reaching the WHOLE CHILD
COMPASS CONVENING SERIES

OUR MISSION

Reaching the Whole Child

Every young person in a COMPASS program deserves to feel safe, supported, and able to grow.
This convening is for the leaders responsible for building organizations that make that possible.

DYCD | NYC
The Department of Youth & Community Development

Reaching the WHOLE CHILD
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OUR GOALS

Reaching the Whole Child

- Build genuine understanding of the three priority areas in the new COMPASS RFP
- Create space for EDs and PDs to **assess where their organizations stand** across all three areas: what they know, what they have in place, and what they need to build
- Solicit **candid feedback from the field** that will directly inform how TA providers design ongoing capacity-building support
- Understand and catalog the **distinct needs** of new providers launching COMPASS for the first time, organizations scaling to additional sites, and established providers navigating new requirements
- **Open the door to the peer learning and TA relationships** that will carry leaders through implementation

SUCCESS INDICATORS

Reaching the Whole Child

By the end of the week, we hope to support you by...

- ❑ Improving your understanding across the key areas
- ❑ Improving your understanding of the requirements for your specific organization
- ❑ Providing clarification on at least one concrete next step for your organization
- ❑ Helping you feel less alone in the work by hearing from peers and TA Providers
- ❑ Introducing our plan for ongoing capacity building support being designed for the year
- ❑ Hearing your feedback to best support you beyond this week's convening

Reaching the WHOLE CHILD
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Community Norms

- Be present and engaged
- Use the chat and tools intentionally, and remain on mute if not speaking
- Step up, step back
- Assume positive intent
- Respect confidentiality – what is said here, stays here, what is learned here, leaves here
- Honor time together

Before continuing, please rename yourself to include your organization

Reaching the WHOLE CHILD

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Operations & Internal Controls

JUNE 25, 2026 | 9AM | REBECCA KELLOGG & SAMANTHA SCHAEFER

BDO

Connect with Us

REBECCA KELLOGG

Director

Nonprofit & Grantmaker Advisory

rkellogg@bdo.com

SAMANTHA SCHAEFER

Senior Associate

Nonprofit & Grantmaker Advisory

sschaefer@bdo.com

BDO NONPROFIT & GRANTMAKER ADVISORY

We provide experienced **financial management services** and skilled **capacity-building** technical assistance, including **organizational consultation** and **training**, using an approach tailored to individual organizations and their specific needs.

For Nonprofits

- Cohort programming to build financial resiliency of nonprofit leadership teams
- Coaching
- Developing fiscal staffing, systems, and processes
- Supporting business model development
- Trainings on annual planning and budgeting, and improving internal controls
- Outsourced Financial Management

For Funders

- Trainings for Program Officers, Grants Managers, and Board Members
- Financial Due Diligence and Grantee Portfolio Analysis
- Landscape analysis & Custom Advisory Projects
- (c)(4) Infrastructure and Grantmaking Practices
- Infrastructure Advisory (Systems and Processes)
- Outsourced Financial Management

Today's Session

OPERATIONAL EXCELLENCE

- Welcome
- People & Staffing
- Workflows
- Technology
- Internal Controls
- Wrap-Up

Financially Resilient Organizations

Stay focused on the **long-term**

Continually assess and respond to **current needs**

Understand and are able to tell their **financial story**

Poll: Finance At Your Organization

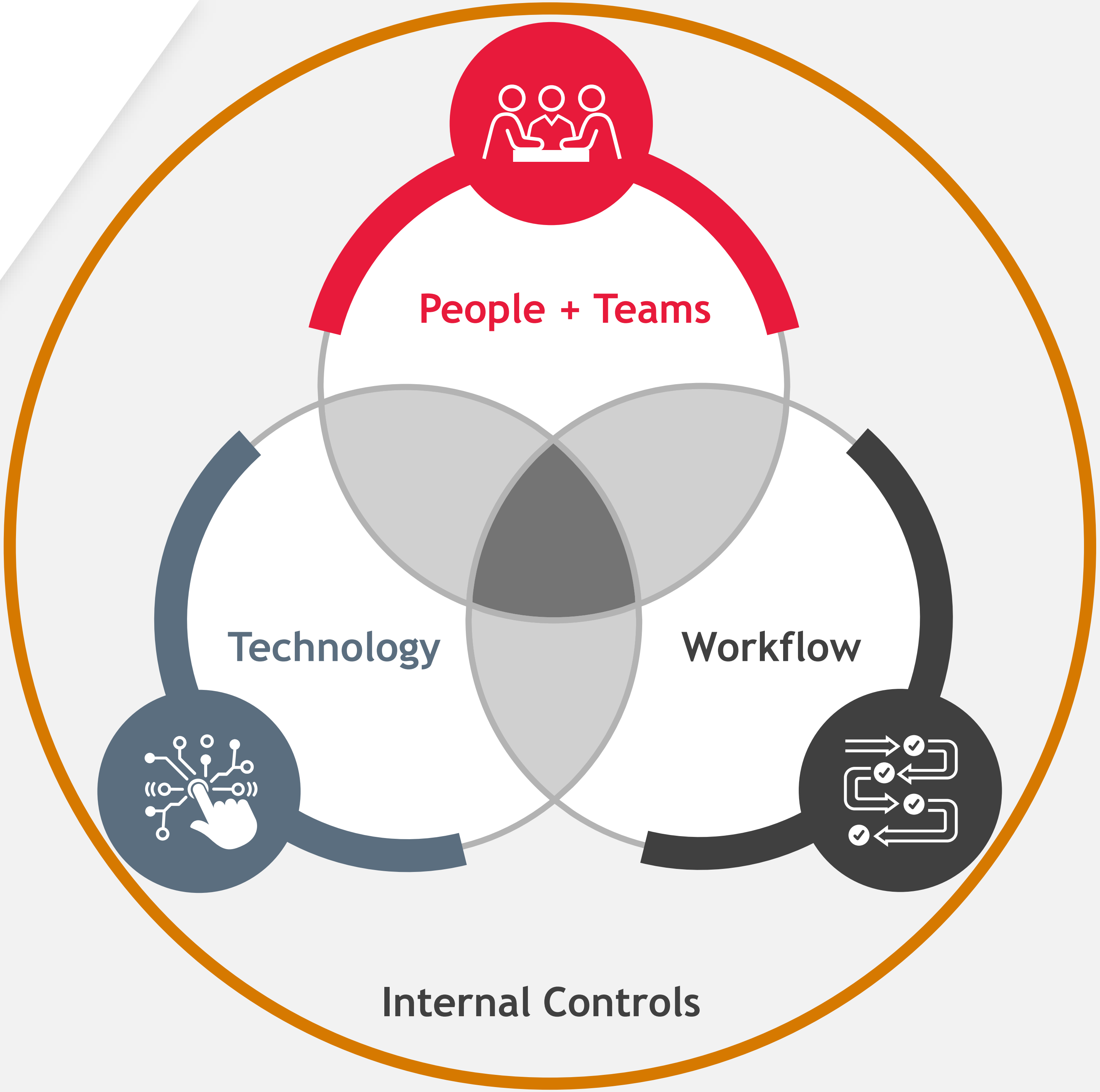
Which of the following best describes your finance team? ***(Select all that apply)***

- Dedicated finance staff members
- Executive Director or other leader does it all
- Board Chair or Treasurer
- Other volunteer
- Outsourced support
- Fiscally sponsored

What is your organization's budget size?

- $0 – 249,999
- $250,000 – 500,000
- $500,000 - 1 million
- $1 million – 2.5 million
- $2.5 million and above

Operations



Critical Support Functions

Levels of Financial Management

STRATEGIC

Lead and support organizational financial planning and monitoring

MANAGERIAL

Ensure finance is effectively carrying out its operational responsibilities

TRANSACTIONAL

Perform day-to-day accounting functions, data entry, and finance administrative tasks

Adapted from Jeanne Bell Peters and Elizabeth Schaffer, *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-term Success* © 2005

Levels of Financial Management

STRATEGIC

- Conducts strategic financial planning, budgeting, and forecasts
- Reviews financial reports for strategic decision-making and course corrections
- Provides oversight and vision for the finance team and fiscal operations

MANAGERIAL

- Maintains fiscal policies and procedures, oversees internal controls and ensures compliance
- Performs monthly close and reconciliations, ensures general ledger quality
- Generates financial reports, monitors cash flow
- Manages audit process

TRANSACTIONAL

- Processes accounts payable, cash disbursements
- Creates invoices, processes accounts receivable and cash receipts, makes deposits
- Maintains accounting files, processes 1099 forms and prepares journal entries

Adapted from Jeanne Bell Peters and Elizabeth Schaffer, *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-term Success* © 2005

Finance and Accounting Responsibilities

Controllership

- General Ledger quality
- Transactions (AP, AR, Billing, Payroll)
- Production of financial reports
- Reconciliations
- External audit

Planning and Performance Management

- Budgeting process
- Scenario planning
- Forecasting and budget-to-actuals monitoring

Grants Management and Compliance

- Grant and contract monitoring
- Fiscal policies and procedures
- Funder invoices

Poll: Financial Responsibilities

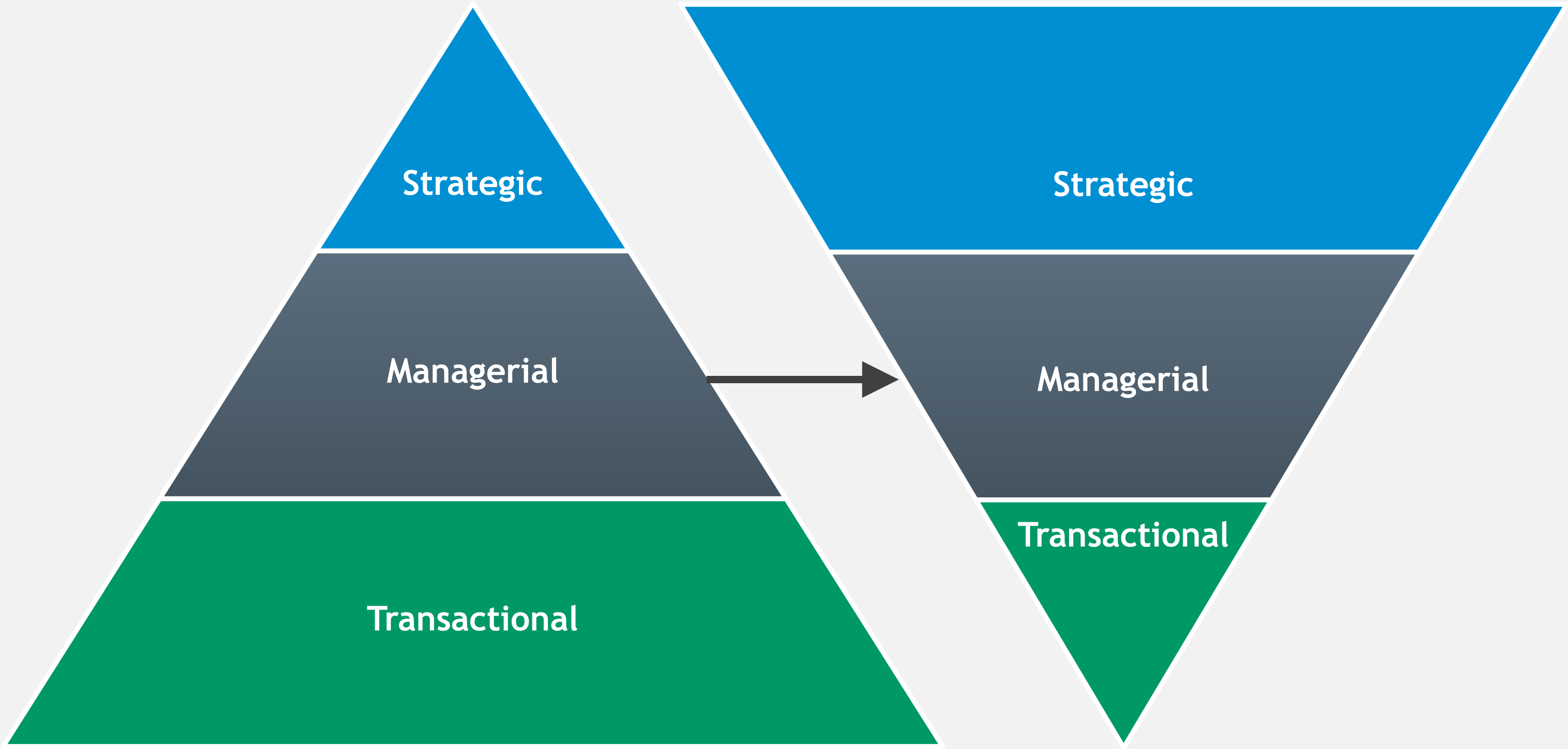
Where do you think the team at your organization spends the most time/energy on financial management?

- Strategic
- Managerial
- Transactional

Where do you think there are gaps?

- Strategic
- Managerial
- Transactional

Financial Management



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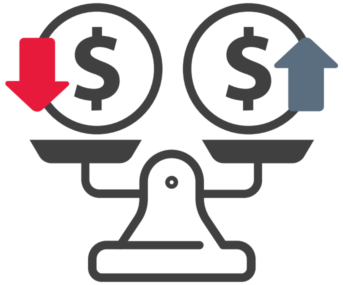
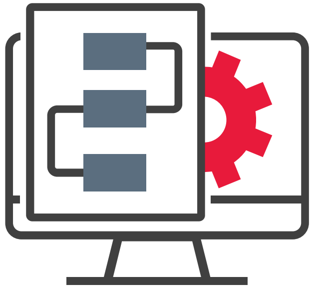
Factors for Fiscal Staffing Configuration



Business
Model

Budget
Size

Number of
Employees



Technology
Adoption

Fiscal Staffing Options

Internal

- Access information and accounts quickly
- More difficult to staff appropriate skills at each level
- Preferred option when you can afford what you need

Outsourced

- Gain access to expertise you don't require full-time
- Can find outsourced support at all levels
- Outsource process, not strategy
- Still need someone in-house to manage the relationship
- Establish clear criteria for measuring success

Fiscal Sponsorship

- Can be an effective vehicle for strengthening early-stage organizations
- Strategic activities still conducted by project
- Varied levels of support based on type of sponsor (professional, intentional, community, etc.)
- Critical to establish what you need from your sponsor; it's ok to change your sponsor!

Delineated Finance Responsibilities

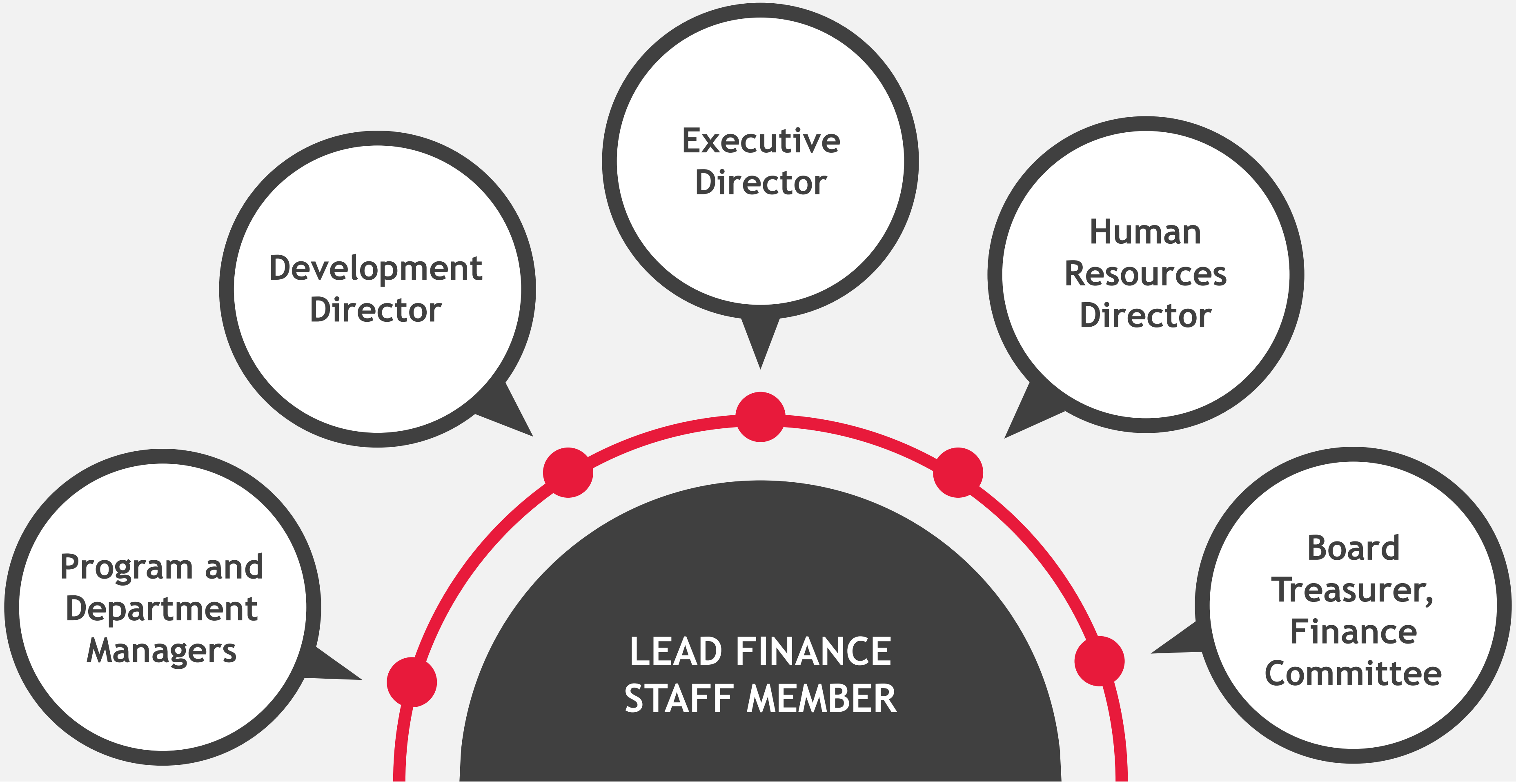
Board of Directors

- Setting the strategic financial direction
- Providing on-going financial monitoring and fiscal accountability
- Ensuring compliance with applicable laws and regulations

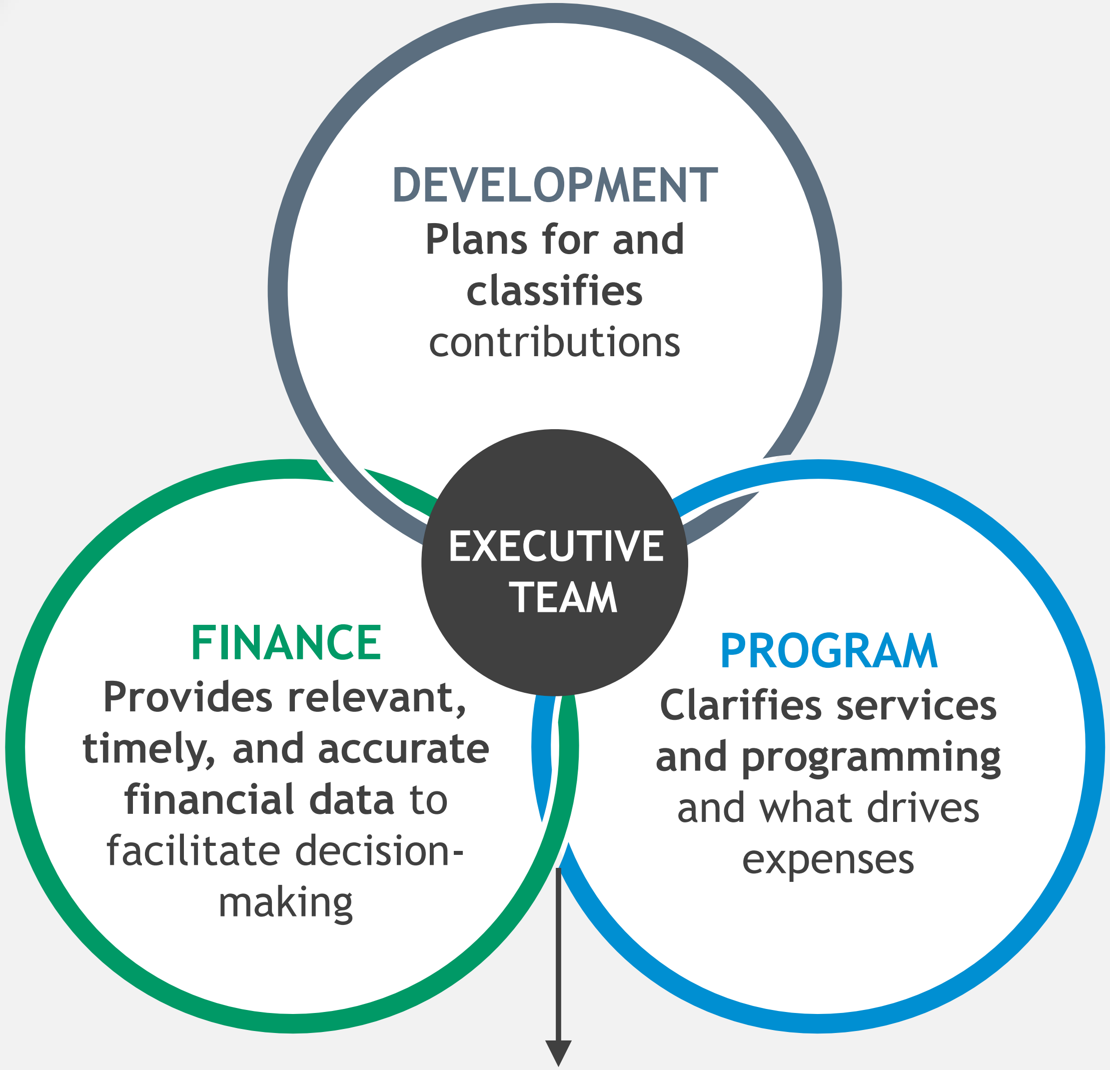
Management

- Executing the organization’s financial strategy
- Providing complete and timely financial information to the board
- Completing externally required forms and reports

Financial Management: A Team Sport

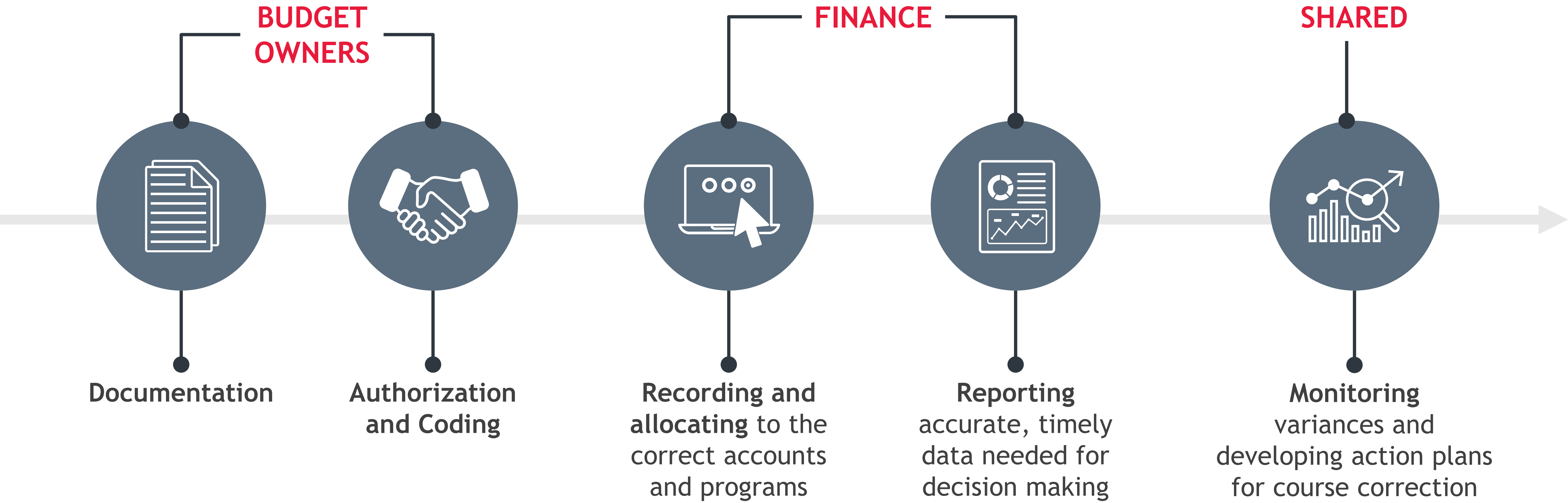


Why do we need each other?



Sets the financial strategy and direction for the organization in collaboration with the Board

Shared Financial Management

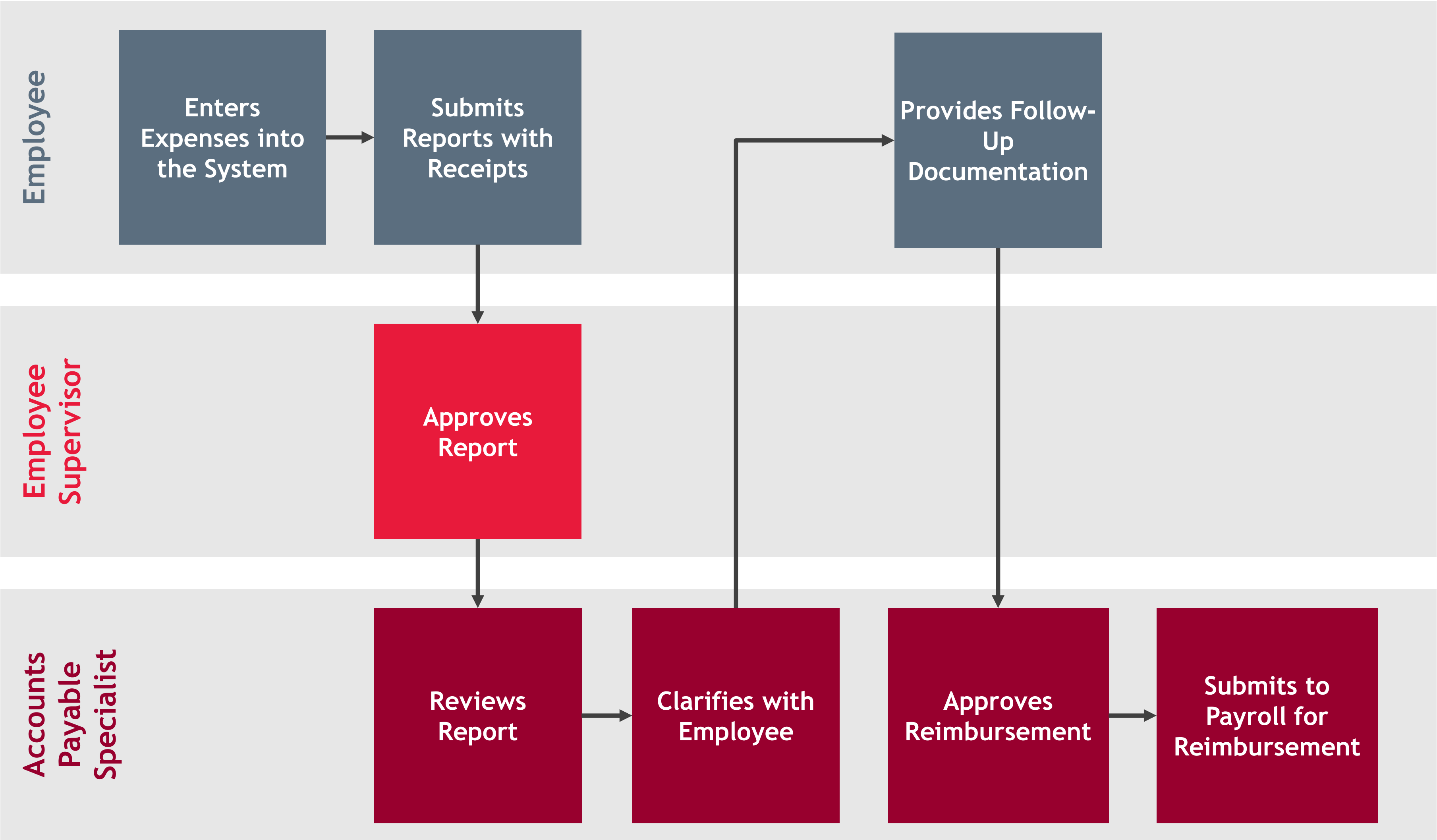


WORKFLOW PROCESSES

What is one finance process that takes a long time in your organization?

BDO

Workflow Processes



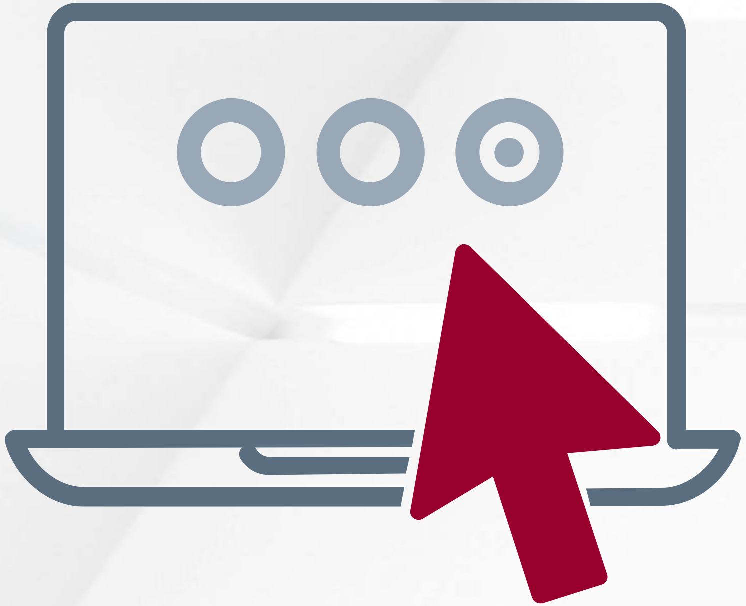
Thoughts and Questions

Finance Office Automation

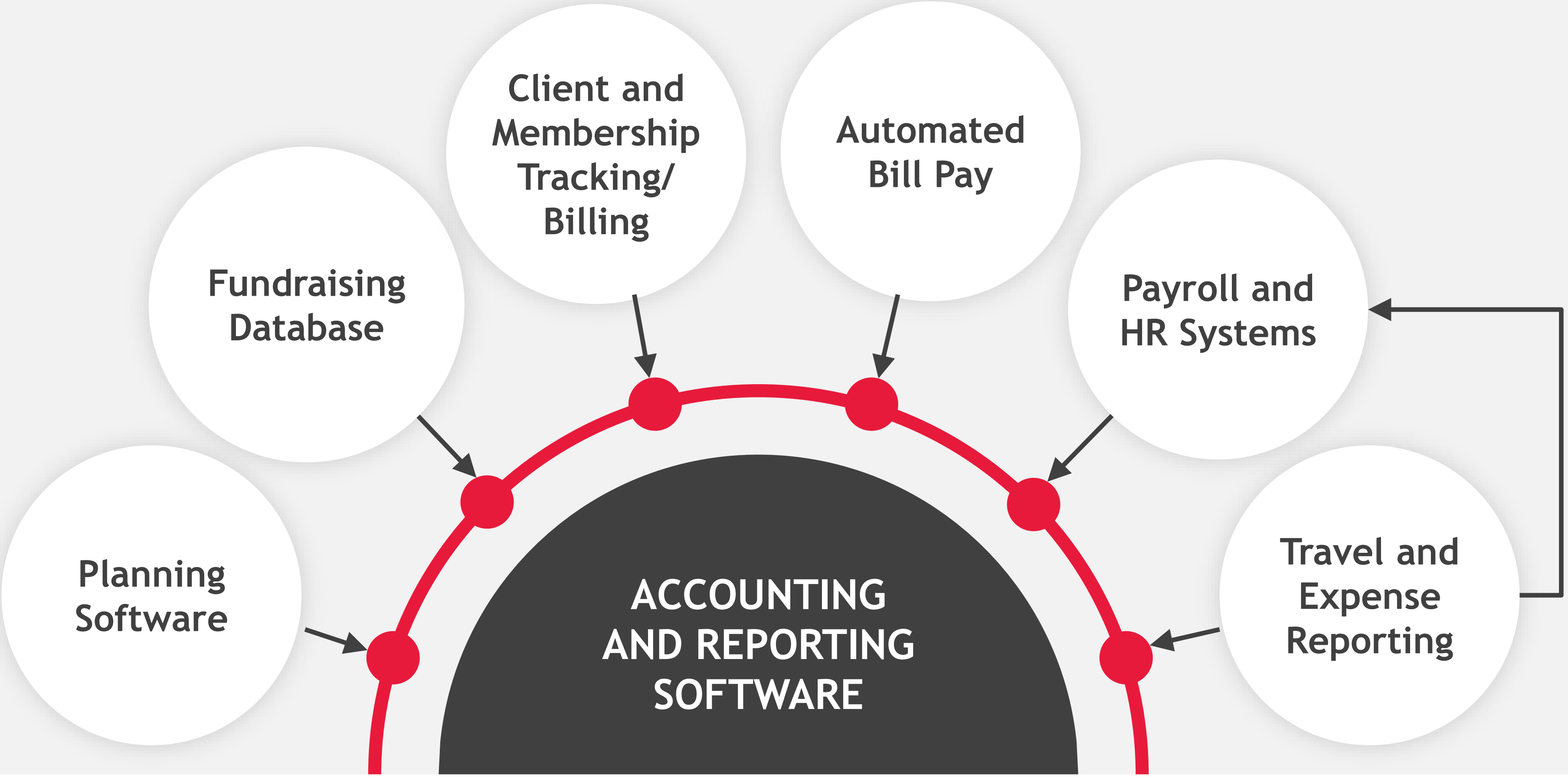
Poll: Software Solutions

What types of software solutions are currently in use at your organization? (select all that apply)

- Expense Management Software
- Payroll and Time & Attendance
- Online Bill Pay & Automated Check Writing
- Monthly Close Workflow
- Donor CRM
- Budgeting & Planning
- Data Visualization



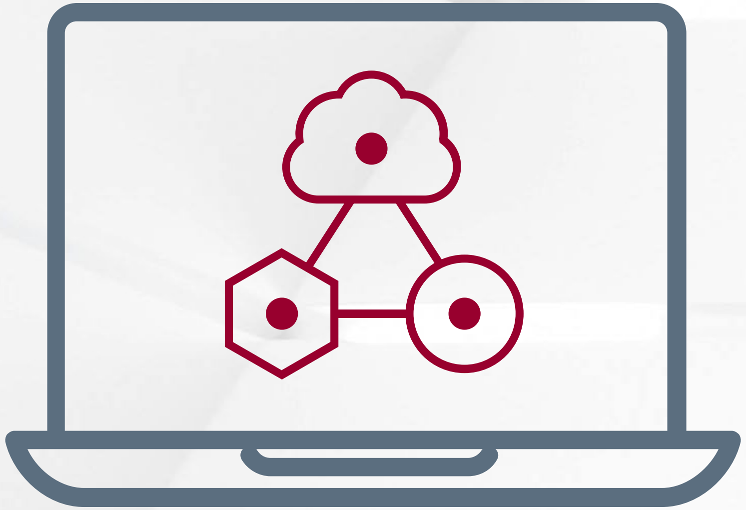
Software Systems



Accounting Software Functionality

Basic Functionality

- Flexible Chart of Accounts
- Modules for
  - Accounts Payable
  - Accounts Receivable
- Reporting against budgets
- Customizable reports
- Ability to import/export data
- View-only access for end-users

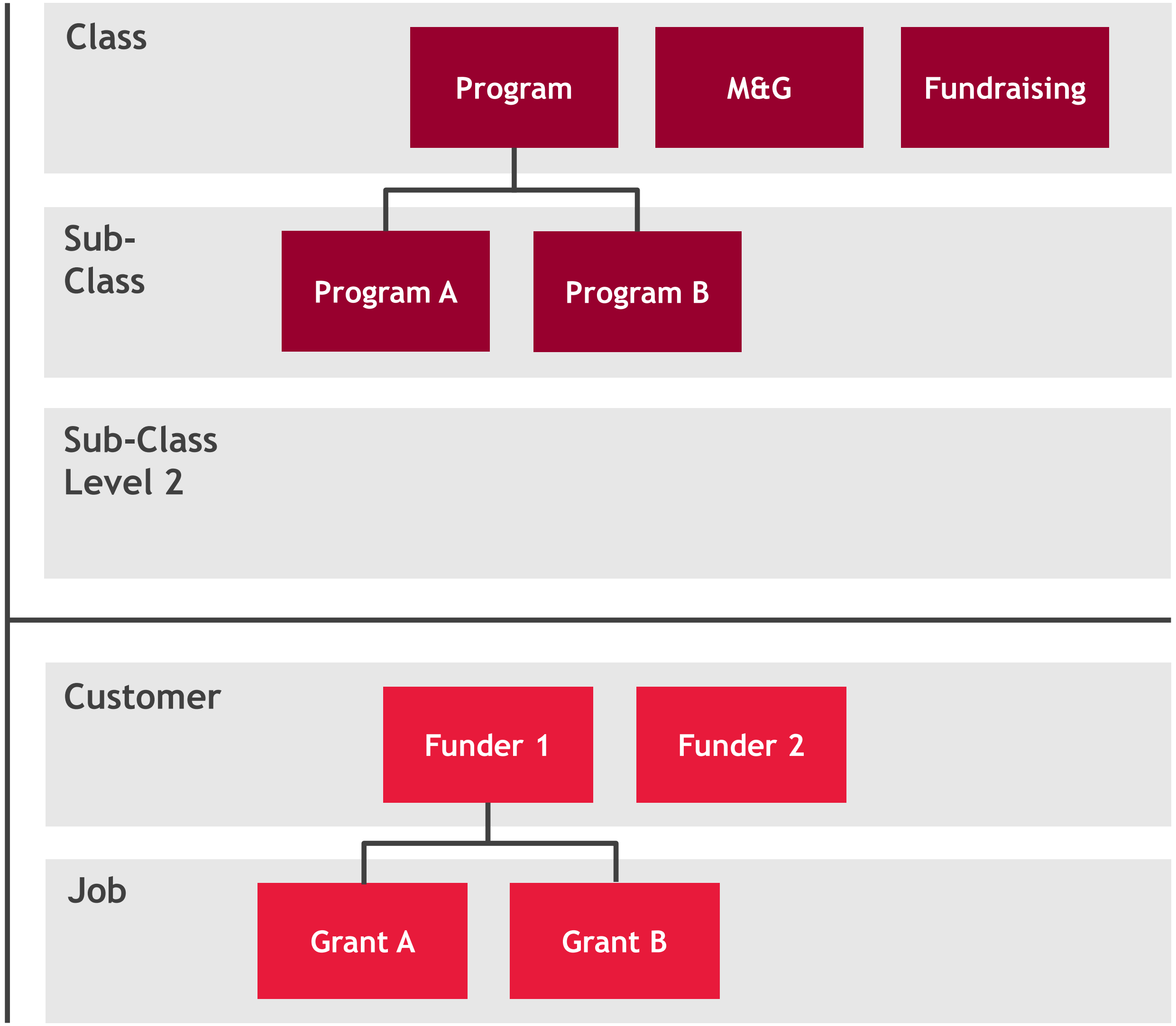


Flexible Chart of Accounts

CHART OF ACCOUNTS:

- Assets
- Liabilities
- Net Assets

- Revenue
- Expenses



Accounting Software Functionality

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Differentiators

- Fund accounting
- Automated allocations
- Cloud capability / Web-hosting
- Paperless document management
- Dashboards
- Electronic workflow routing
- Purchase requisitions

Software System Options

What could work at your organization?

- **Banking Technology**
- **Expense Management Software**
- **Online Bill Pay and Automated Check Writing**
- **Payroll and Time and Attendance**
- Automated AR and Payments
- Monthly Close Workflow
- Fundraising
- Budgeting and Planning
- Dashboards

Banking Technology

Efficiencies

- Electronic transfers: Reduced need for check issuance
- Remote deposit: Check scanning

Controls

- Positive pay: Ensures checks are only paid to verified vendors
- ACH block and filters: Prevent unauthorized outsiders from accessing or removing funds from an account

Implementing Technology

Technology: Automated Travel and Expense Reporting Systems

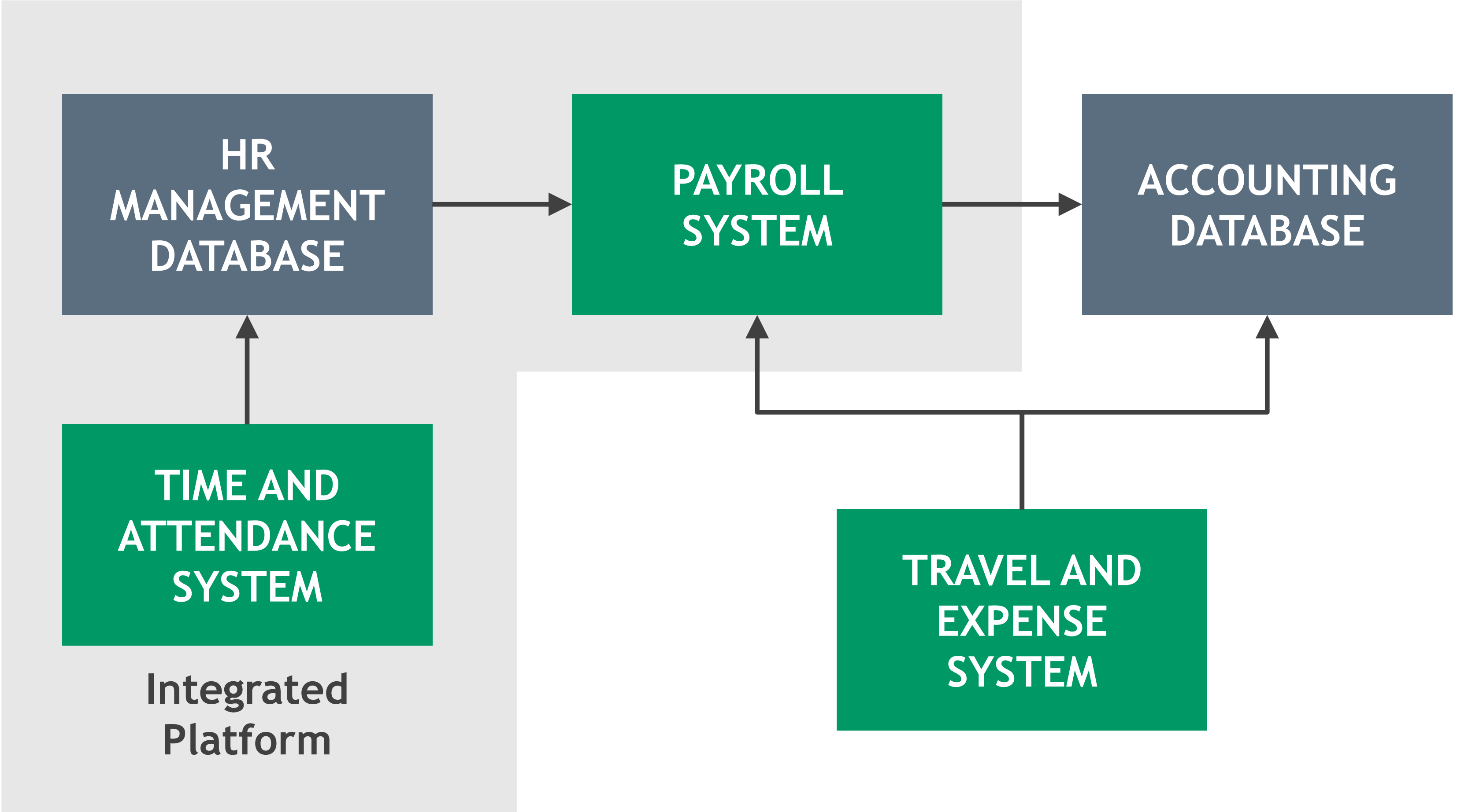
- Web-based, mobile access
- Scan or take a picture of receipts/ documentation
- Electronic approval routing
- Direct connections to: credit cards, payroll, accounting system
- Electronic audit trail

Online Bill Pay and Automated Check Writing

Automated Check Writing Services Provide

- Automated invoice approval workflow that be accessed via any computer or mobile device
- Integration with accounting software
- Can use paper checks or EFT
- Elimination of the manual process of cutting and mailing checks
- Electronic archiving
- Simplified deposit process

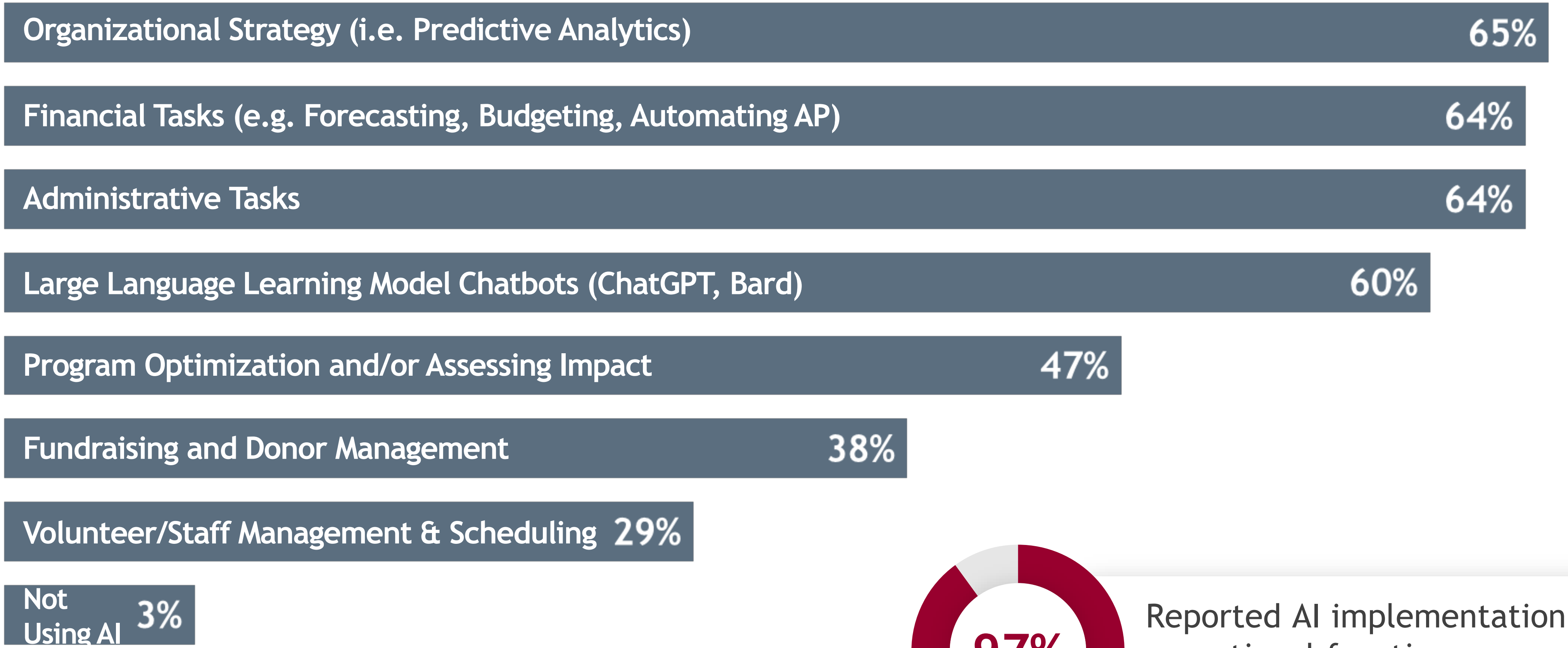
Payroll and Time and Attendance

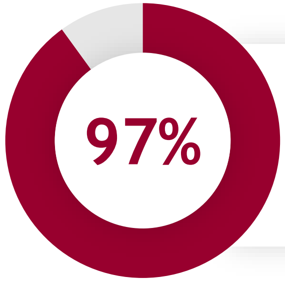


Commonly used systems

Accounting Software	Expense Management	Accounts Payable
abila mip FUND ACCOUNTING	Expensify	bill.com
FUND ez	Tallie	tipalti Global Multi-Entity Payables Automation
xero	nexonia	yooz Cloud P2P Automation. Easy. Powerful. Smart.
sage Intacct	CONCUR	airbase
ORACLE NETSUITE	bill SPEND & EXPENSE	melio
Blackbaud Financial Edge NXT™	ramp	

Artificial Intelligence (AI) in Nonprofits

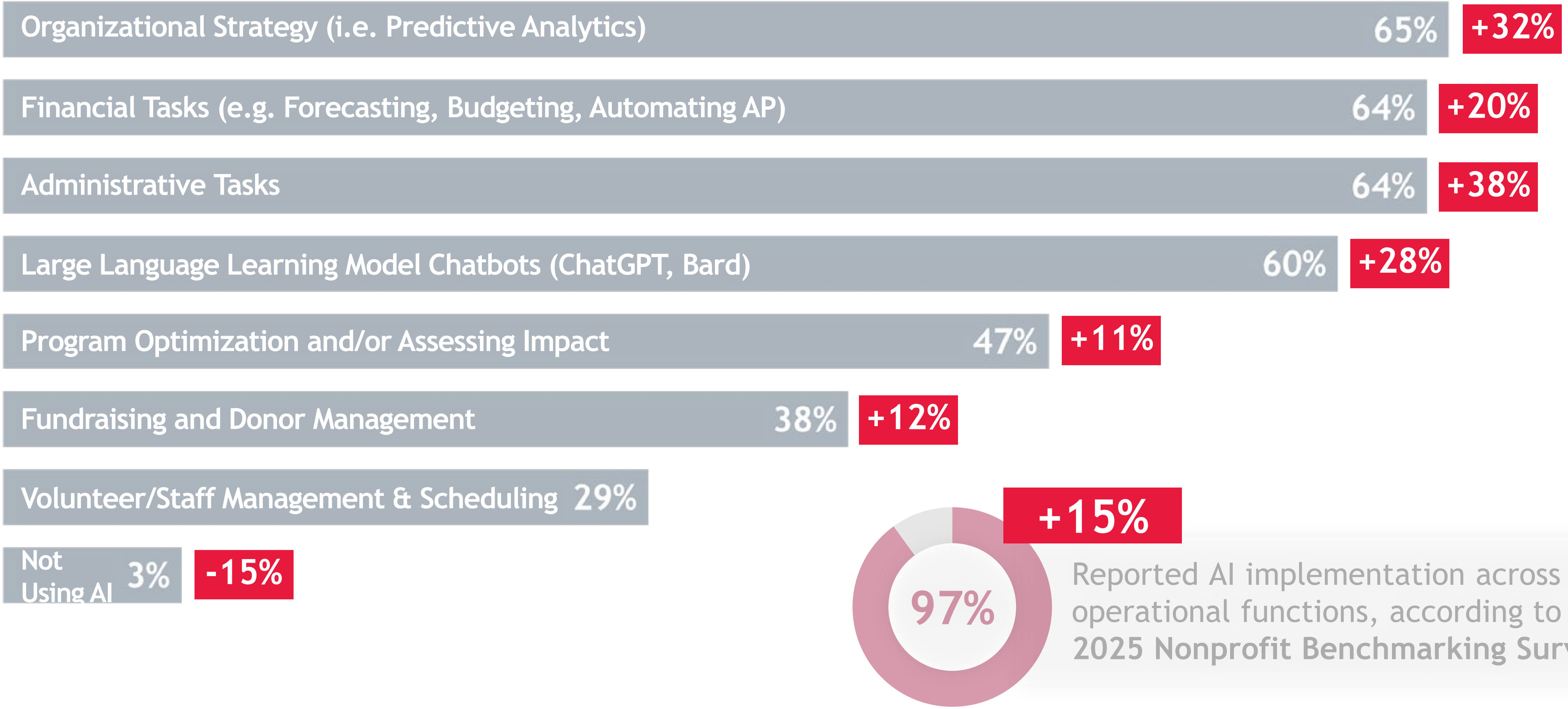




Reported AI implementation across various operational functions, according to **BDO's 2025 Nonprofit Benchmarking Survey**

Artificial Intelligence (AI) in Nonprofits

CHANGE IN AI USAGE COMPARED TO 2024 SURVEY DATA



Reported AI implementation across various operational functions, according to **BDO's 2025 Nonprofit Benchmarking Survey**

Establishing AI Governance

Responsible AI starts **with clear governance principles** that define how AI should be designed, deployed, and managed.

These principles help ensure your AI efforts are ethical, secure, and **aligned with your organization's mission and values**, alongside business and societal expectations.

Implementing Technology

What's important to think about when implementing new technology?

- Connectivity
- Structure
- Security
- Ease of Use
- Need for Customization

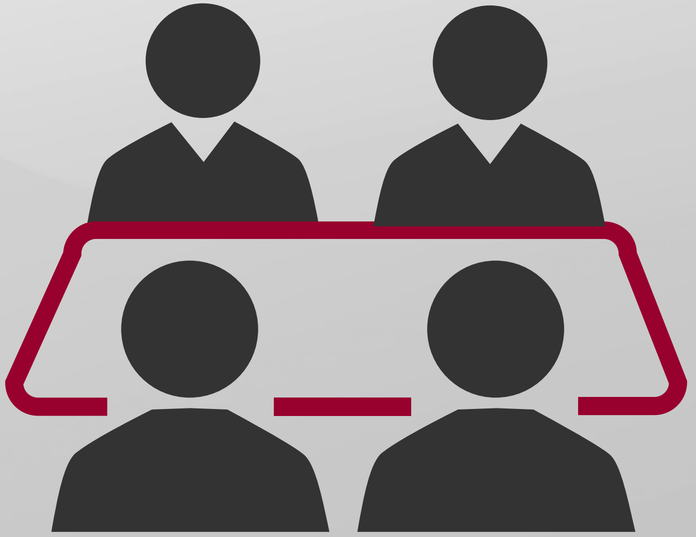
Thoughts and Questions

Break

Internal Controls

Breakout Activity

- In small groups, review your assigned case study
- Reflect on which controls were lacking in the organization’s structure and what can be done to prevent the activity presented in the case from occurring again in the future.
- Assign a note taker who will report back



INTERNAL CONTROLS

Case Studies

Accounts Payable

A former head of counter fraud of an international NGO fighting poverty was able to steal nearly $100K by filing fake invoices from bogus companies.

Investigators unearthed 17 fraudulent invoice submitted over a 9-month period from two fake companies under his control. Payment of the false invoices were paid into the bank account of his friend or father, then transferred into his own account.

Payroll

At a nonprofit organization, the Assistant Controller was able to commit payroll fraud that was not initially detected by the auditors.

Instead of communicating to the payroll processing company that various employees had been terminated, the Assistant Controller took their bi-weekly checks and deposited them into a new bank account.

INTERNAL CONTROLS

Case Studies

Credit Card Fraud

The president, her assistant, and another staff member at the Washington DC Teachers’ Union piled up over $5 million in fraudulent transactions.

The president racked up $1.8 million in unauthorized credit card charges on the union’s corporate American Express cards. The assistant managed to collect $492,000 in funds via unauthorized credit card charges and checks written to herself. The staff members used these funds to purchase fur, art, jewelry, tickets to sports/entertainment, and custom-made clothing.

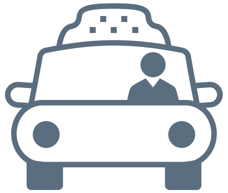
Skimming

The former president of Mississippi College siphoned $3M in contributions intended for the college over a 15-year period. He enacted the fraud by collecting checks made payable to the college and depositing the checks into an account that the president had fraudulently opened in the name of the college.

Subsequently, funds were transferred from this account into other accounts controlled by the president. The president provided fake receipts to donors as a means to disguise the fraud.

INTERNAL CONTROLS

Case Studies



Cash Receipts

A nonprofit car/van service transports seniors to local shopping centers, medical facilities…etc. Seniors pay $.75 per ride that is dropped into a coffee can, held by the driver. When a can gets full, the driver empties it into a canvas bag and gives it to the Chief Financial Officer. After business hours, the driver leaves the bag with the dispatch operator, who has a key to the back offices. The dispatch operator leaves the bags on the CFO's desk. The CFO counts the money collected and deposits the money at the end of the week.

The city government pays the organization $1.25 per senior passenger, per ride. In order to collect from the city, drivers are supposed to keep a log of the number of people they pick up on each run. There are two drivers on each route, each working a 6-hour shift per day. When the city government audited the revenue collected by the drivers, they found that the city had been charged for more rides than the revenue collected by drivers covered.

There is a high degree of turnover among the 12 drivers and two dispatchers.

Why do we need internal controls?

Mechanisms, rules, and procedures implemented by an organization to ensure the integrity of financial and accounting information, promote accountability, and prevent and detect fraud or mistakes.

1

Protect resources from waste, loss, theft, or misuse

2

Ensure Resources are used appropriately in accordance with stakeholder expectations, monitoring agencies, and your budget and plan

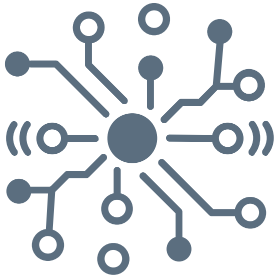
3

Produce reliable financial statements that are based on accurate and verifiable data

Internal Controls: Three Key Areas

Influencing Culture

Policies and Procedures



Leveraging Technology

The Tone from the Top

Compliance with internal controls is a shared responsibility - not just that of a single individual.

Any individual, including programmatic staff, financial staff, and leadership, has some level of **responsibility to know and understand the terms and conditions of funding**, especially federal funding.

Leadership must **set the proper tone at the top** by documenting policies & procedures and modeling desired behaviors.

Organizations must build a **culture of compliance**.

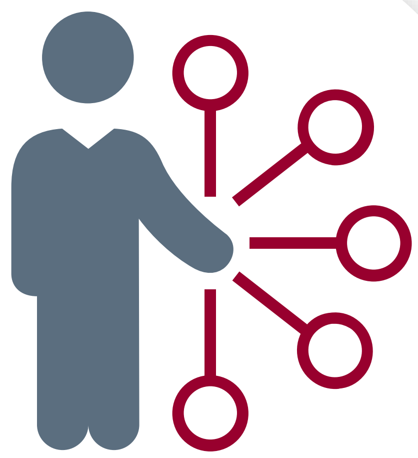
Segregation of Duties

Why Segregation of Duties? Reduces the risk of one person committing or concealing fraud or mistake

- Reduces influence of a single person over a given business transaction or operation
- Minimizes opportunity to collude with others
- Assists in the detection of errors

NO ONE PERSON SHOULD:

- Perform all functions within an accounting cycle



- Have the ability to cover up an intentional or unintentional accounting error

Internal Controls for Small Organizations

- **Deposits:** The same person who logs checks received in the mail is not also responsible for depositing those checks
- **Payments:** Checks are signed (or the payment is otherwise authorized) by someone who is not also tasked with cutting the checks or initiating electronic payments
- **Vendors:** An objective person periodically reviews the list of all vendors contracted with
- **Bank Statement Reconciliation:** Someone who is not processing payments reconciles the bank account monthly. If this is not possible, at the very least a Board member should have read-only access to accounting activities and review regularly
- **Physical Controls:** Check stock and cash is maintained in a locked drawer; computers are password protected
- **Documentation:** Receipts are required for all purchases; timesheets for hourly staff are approved by a supervisor

Policies & Procedures

WHAT ARE THEY?

Policies are Board-adopted resolutions. They set the tone and context for how we're going to behave.

Procedures are specific tasks and methods. They tell us how we're going to comply with the policy and who is involved.

Internal controls overlay procedures. They prevent and detect fraud or mistakes.

Why Establish Policies and Procedures?

- Establish consistency for how to treat certain transactions
- Eliminate uncertainty in some areas
- Provide clarity of responsibilities and roles
- Serve as reference point during staff transition
- Reduce risk of loss
- Promote sound fiscal management
- Meet expectations of external monitoring agents
- Serve as a training tool

Internal Controls

CONTROLS SHOULD E IN PLACE IN EACH OF THESE ACCOUNTING CYCLES:

Thoughts and Questions

Resources and Wrap Up

CompassPoint Nonprofit Fiscal Policies & Procedures: A Template and Guide

Nonprofit
Fiscal Policies & Procedures:
A Template and Guide

Developed by

CompassPoint
NONPROFIT SERVICES

June 2012

[Available on CompassPoint's website]

SAMPLE NPO
Fiscal Policies & Procedures

Approved by the Board of Directors, DATE

SAMPLE NPO Fiscal Policies & Procedures

Table of Contents

Internal Controls Self-Assessment

- With your leadership team, complete the **Internal Controls Self-Assessment Checklist**
- Discuss areas of strength and those that require attention

Internal Controls	Automation	Current Practice?
Purchasing		
Purchases are properly authorized prior to purchase		☐
Competitive Bids are obtained for large purchases		☐
All goods and services paid for have been received prior to payment		☐
Disallowable expenses considered when purchasing for contracts		☐
“Encumbrances” monitored against approved budgets		☐
Efficiency Goal: Consider implementing a paperless document routing and approval process		☐

Additional Resources

1. Critical Fiscal Roles Worksheets
2. Workflow Mapping
3. Financial Management Software System Needs Assessment

3. FINANCIAL MANAGEMENT SOFTWARE SYSTEM NEEDS ASSESSMENT

1. For each of the indicators below, answer "yes" or "no" for your organization.
2. Count the number of "yes" answer and enter it into the score box.
3. Turn to the scoring sheet and use your score to determine if this might be a high, medium or low priority for your organization.

System	Indicators of Need/Readiness	Yes	No	Score
	• Are you on QuickBooks and have a high percentage of restricted revenue that carries from year to year?	☐	☐	
	• Are you utilizing all the dimensions/cost centers of your software but still feel	☐	☐	

CRITICAL FISCAL ROLES WORKSHEET

For each of the activities, identify who performs them. Where do you see gaps?

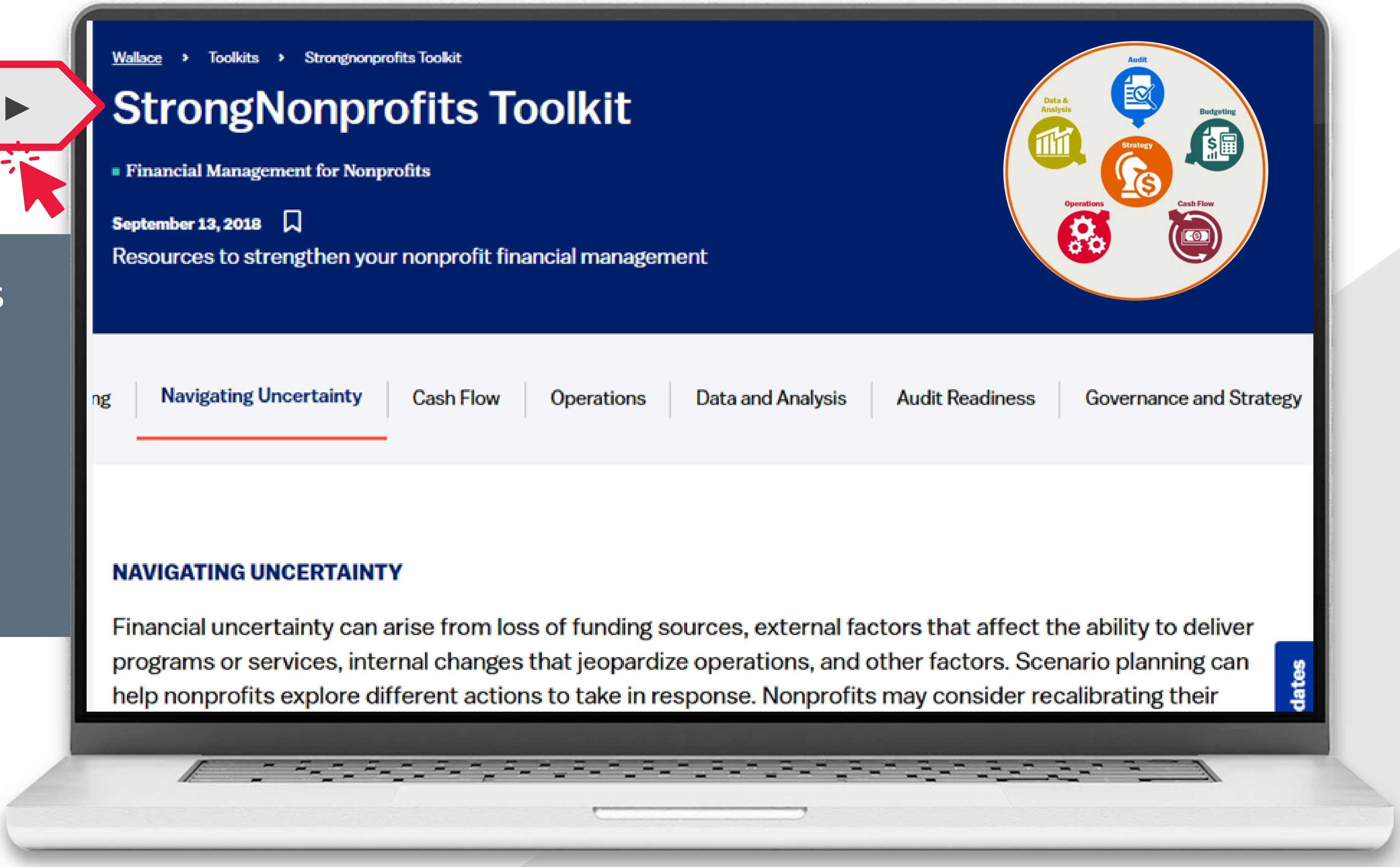
STRATEGIC
Perform planning and oversight role of the organization, guide accounting activities as needed.

Sample Activities	Who Performs this?	Who is their backup?
Conducts strategic financial planning, budgeting, and forecasts		
Reviews financial reports for strategic decision-making and course corrections		
Provides oversight and vision for the finance team and fiscal operations		

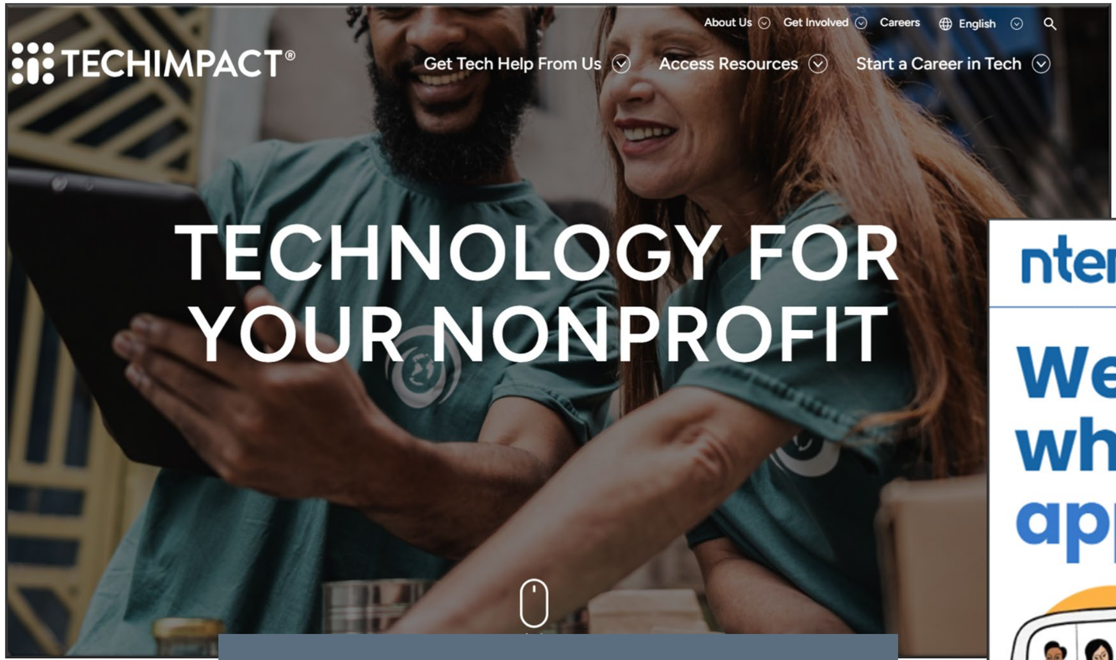
Financial Management Resources

StrongNonprofits.org ▶

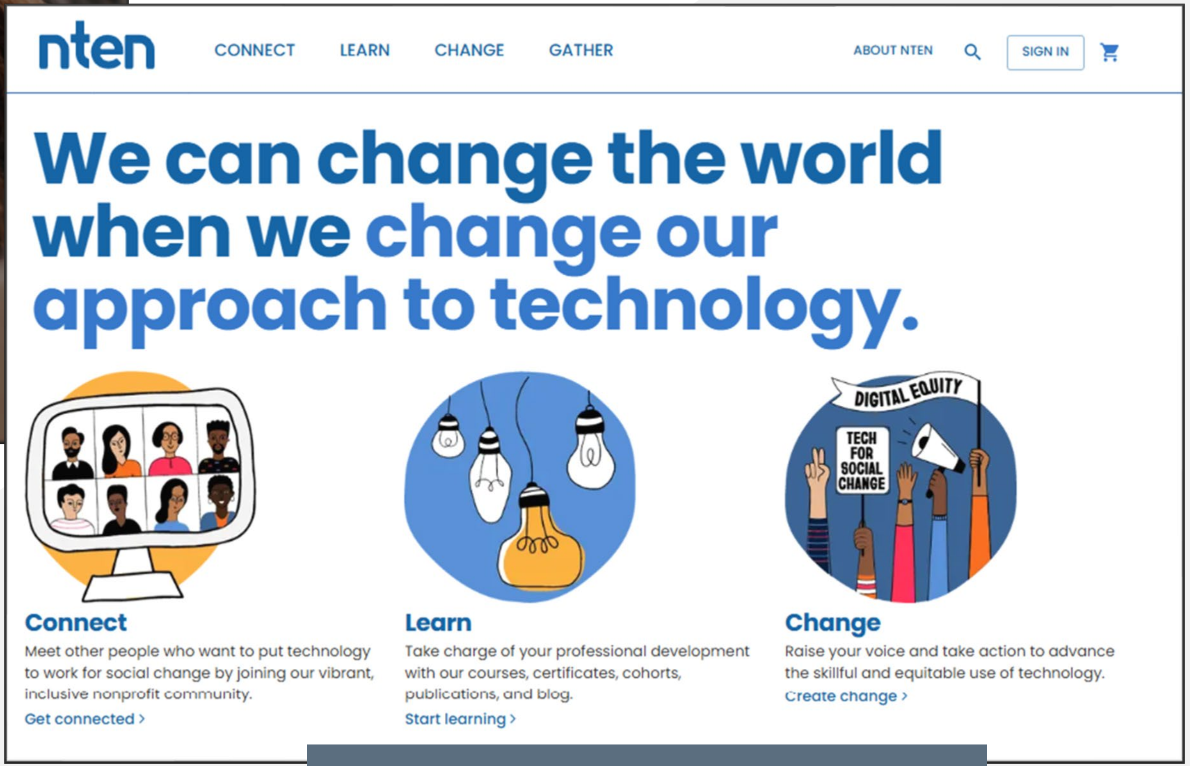
This library of free tools and resources was created in collaboration with the Wallace Foundation to help organizations become “fiscally fit.”



Technology Resources



TECHIMPACT.ORG



NTEN.ORG

NTEN AI Resource Hub

CLICK HERE FOR NTEN AI HUB ▶

https://www.nten.org/learn/resource-hubs/artificial-intelligence

AI for Nonprofit Free Online Courses & Certificates

Anthropic (Claude)

AI Fluency for Nonprofits

Microsoft (Copilot)

Introduction to AI Skills for Nonprofits

About BDO USA

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. For more information, please visit: www.bdo.com.