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Enhance Your Finance Function

Where are you on your digital journey?

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Introductions

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Keven Truhler, CPA - Digital

- Principal with the Digital Group of CLA.
- Keven has been with CLA for fifteen years providing audit, accounting, and software services with a wide variety of non-profit and government clients.
- Today, Keven specializes in implementation of cloud-based accounting solutions and has implemented financial systems on more than 300 non-profit and for-profit organizations.

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Javier Young, CISSP - Cybersecurity

- Javier is a Principal within the Cybersecurity Services Group at CLA and has over 14 years in the cybersecurity.
- Javier leads a team of technology and industry specialists providing IT audits and security assessments for clients in a wide range of industries and diverse operating environments.
- Prior to joining CLA, Javier spent ten years supporting the Department of Defense as well as a financial services company in the fields of insider threat, incident response, fraud, waste and abuse, analytics, and systems engineering.
- Since joining CLA, he has spent the majority of his time providing IT Security, Risk, and Consulting services.

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OUR PURPOSE

CLA exists to create opportunities for our clients, our people, and our communities.

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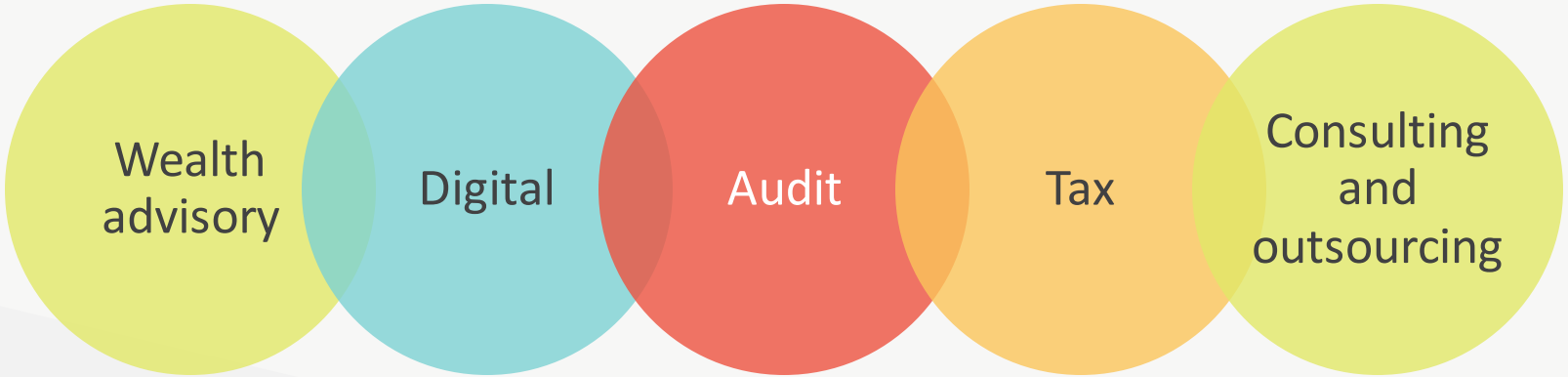
Helping You is Our Passion.



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Find support at *every* turn

Benefit from guidance on all aspects of your business.

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Creating Opportunities for Our Clients

9,300+
Nonprofit organizations served

8,400+
Clients engaged in global capabilities

4,100+
Government organizations served

3,600+
Clients engaging employee benefit plan capabilities

201,000+
Active clients

630+
Higher education organizations served

30,700+
Clients engaging outsourcing capabilities

107,000+
Private households served

4,500+
Financial institutions served

7,100+
Clients engaging wealth advisory capabilities

74,000+
Private businesses served

12,100+
Health care organizations served

14.2%
Organic growth

Deep Industry Specialization

Agribusiness and cooperatives	Construction	Federal government	Financial services
Health care and life sciences	Higher education	Manufacturing and distribution	Nonprofit
Professional service organizations	Real estate	Retail	State and local government
	Technology	Transportation and logistics	

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Creating Opportunities for Our Communities

2015
CLA Foundation established

501
Grants since 2015

$8M
Granted since 2015

3
Areas of focus: education, employment, entrepreneurship

$2M+
Raised and granted in 2022

109
Organizations received funds in 2022

1,715
Family members donated in 2022

65
Office champions in 2022

100%
Owner giving in 2022

125
Family members reviewed grants in 2022

National and International Reach

8,500+
PEOPLE

130
NEARLY 130 U.S. LOCATIONS

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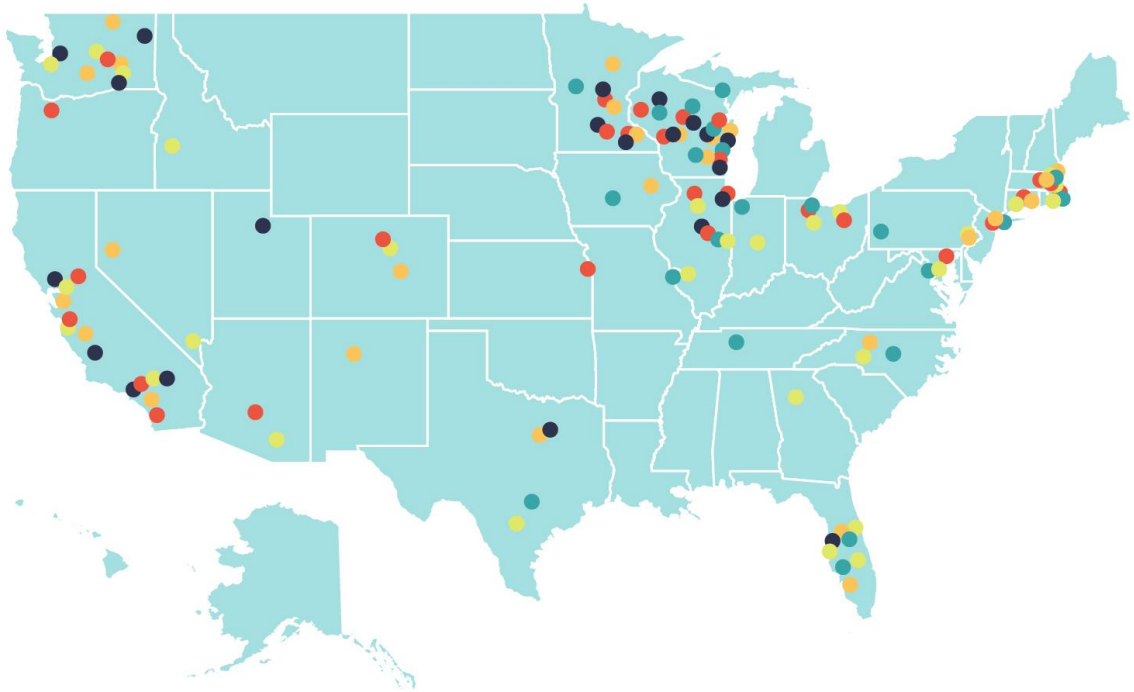

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Top Finance Department Trends – 2023

The cloud is here to stay

The labor crunch is accelerating the use of automation in accounting

Accounting artificial intelligence investment will continue to grow

Outsourcing accounting is becoming more common

Analytics, action, and storytelling will continue to converge with data automation

https://the-cfo.io/2023/03/09/key-trends-that-will-reshape-finance-in-2023/ - The CFO (the-cfo.io)

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Why Cloud Automation? Address These Issues

The business experiences	The CFO experiences	The user experiences
Overworked staff who are compensating for technology that is not fully utilized or integrated	Limited visibility to accurately and timely manage cash and budget	Increased usage of spreadsheets with limited functionality
Increased costs and resource requirements associated with maintaining on-premise hardware and software and/or manual paper-based processes	Increased manual effort to access critical financial information and reports	Limited ability to access financial data anywhere, anytime, from any device
Reduced productivity and user satisfaction	Increased exposure to a breakdown in controls	Limited integration between systems, causing manual data re-entry
Lack of real-time access and visibility to financial data	Reduced ability to provide strategic vision while bogged down in manual accounting tasks	
Challenges integrating multiple locations, business units, or currencies due to growth and expansion		

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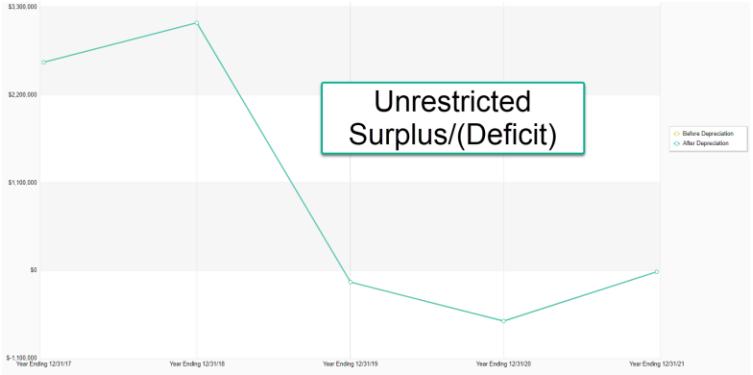
What can be automated with cloud software?

- Multi-location, entity, and currency
- Track multiple fiscal years in one database (org, grant, calendar)
- Track multi-books (GAAP, Encumbrances)
- Built in Approval workflows
  - Purchasing and Spend Management
  - AP bill coding and payment approval (AI)
- Bank Feeds for continuous reconciliations
  - "Receipt Burning" with credit card trx's
- Automating Grant Billing on reimbursements
- Journal Entry/Allocation Automation
  - Release from restrictions
  - Functional Expenses; payroll allocations
  - Shared revenue/expenses for multi-sites
  - Revenue Recognition Management (ASC 606)
  - GL Outlier Detection (AI)



Source: Sage Intacct Cloud Reporting Dashboard, 2023

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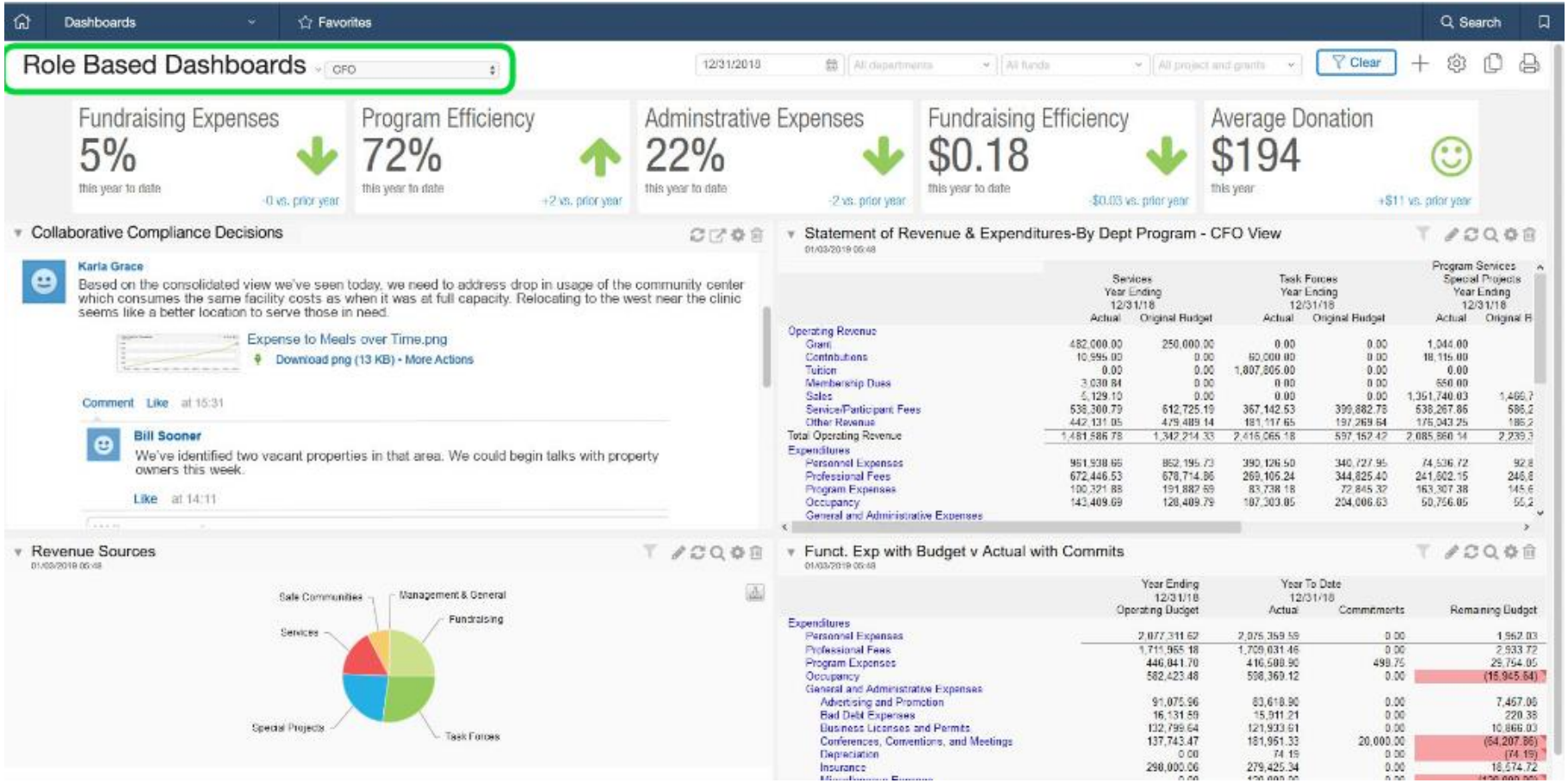

Source: Sage Intacct Cloud Reporting Dashboard, 2023

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RPA (what it is)

- Automation tool (bot): a software (think super macro)
- Intended to automate
  - Repetitive, and manual business tasks or process
  - Tasks with high error rates
- Without changing the process or the system
- Built on rules or “if, then” statements that tell a program (bot) what to do under certain conditions

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RPA: What it is not

- A walking, talking robot
- Physical machine processing paper or materials
- Artificial intelligence
  - Voice recognition, etc…

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Advantages

- Reliable and more consistent
- Work 7 days per week, 24 hours per day
- A single can handle multiple processes, enabling multi-use and variability
- Because of 100% accuracy, there is less need for QC and review
  - QC and review is for exceptions

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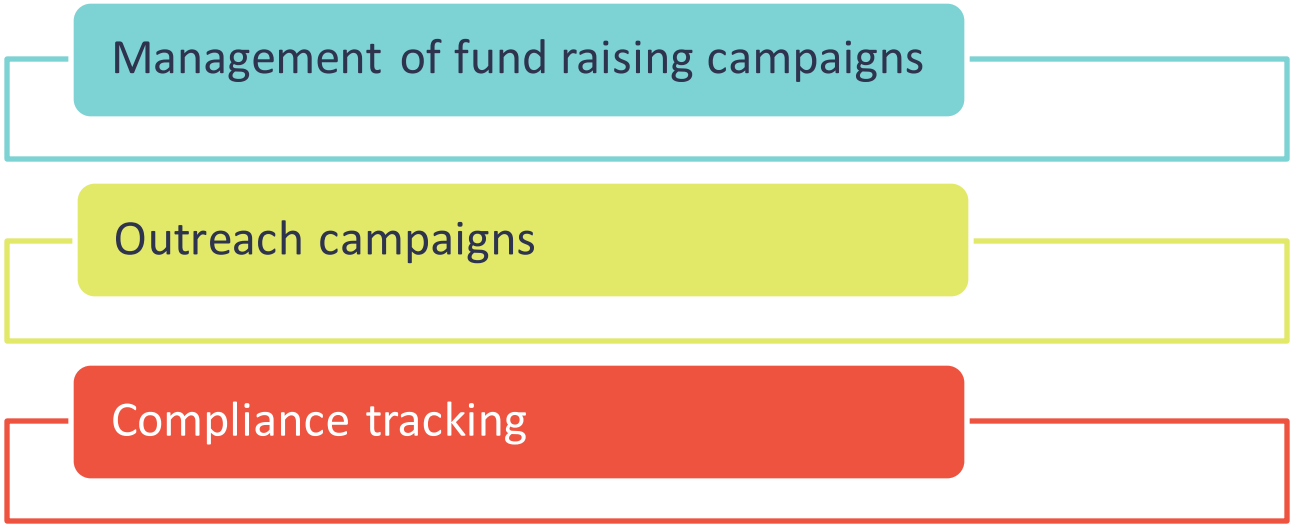
Applications



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Machine Learning – A definition

- Machine learning deals with computer programs that learn from experience for purposes of predicting, modeling, sensing
- You tell it what to do or provide data/information to learn from
- Examples:
  - Predicting what movie I would like to watch
  - Predicting future medical event
  - Predicting which drivers are more likely to cause accidents

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RPA v. AI

	RPA	Intelligent Automation
Tasks it can automate	Routine: Methodical, repetitive, rules based	Non-Routine: Requiring a thoughtful consideration
Able to	Follow instructions	Come to conclusions
Application	Broad: can automate any suitable process	Narrow: Targeted to deliver insights
Market	Maturing	Emerging
Cost/Implementation	Lower/Weeks	Higher/Months

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Scan the QR Code To Answer

Where are you on you on your digital journey?

A. Haven’t even started

B. We are well underway

C. We’re getting there

D. What digital journey

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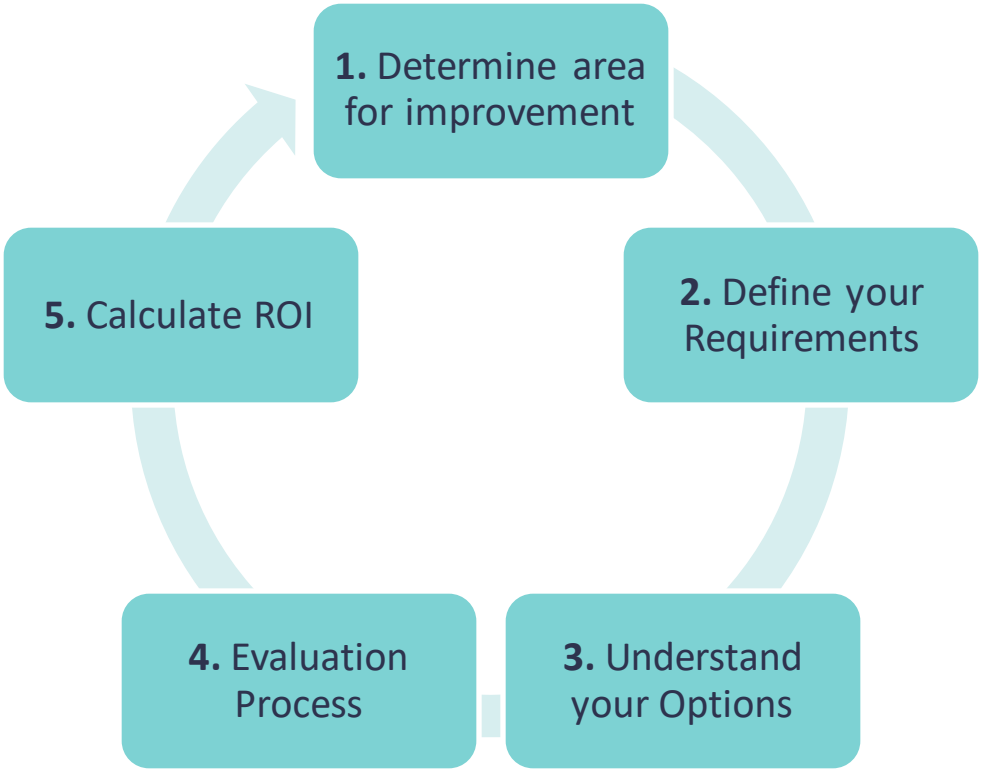
Roadmap Planning – Continual Improvement



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Strengthen and Streamline Your Month-End Close

Automation, internal controls, and value-added analysis

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Month-End Close

Definition: The month-end close is the collection of financial accounting information, review, and reconciliation of records each month. This is a reporting requirement for some companies, and **helps businesses keep accurate records throughout the year**. The most important closing period comes at the end of the financial year.

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Month-End Close: Raise of Hands

On *what day* are
your financials closed each month?

1. 5 days after month end
2. 10 days after month end
3. 15 days after month end
4. We are lucky to close
   at all the following month

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Month-End Close

How often do you reconcile balance sheet accounts?

1. Monthly
2. Quarterly
3. Yearly
4. Depends

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Month-End Close

Why reconcile balance sheet accounts monthly?

- Ability to identify miscoded transactions
- Collection issues on receivables
- Fraud noted when doing a bank reconciliation
- Incorrect deposits made for benefits (ex 403b/401k)
- Missed payment on loans
- Over/Underspending on grants
- Double recording of revenue (AR + deposit for same funds)

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Month-End Close: Use of Estimates

What are some common areas to use estimates or delayed periods for month-end close?

- Investment mark-to-market
- Accruals for recurring expenses (utilities, etc.)
- Credit cards (sometimes !?!)
- Others?

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Technology and Automation

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Technology and Automation

1. A/P and payroll

2. System integration

3. Report access

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1. A/P and Credit Cards

#1 thing we hear holding up month-end close in nonprofits?

Accounts payable
(coding, approvals)

credit cards
(receipts, coding, approvals)

Particularly important (and cumbersome) with cost reimbursement grants

How can you add automation and remove this month-end delay?

- Online bill pay platforms
- Expense management platforms
- Accountability mechanisms

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2. System Integration

Time-saving system integrations we like

Bill pay
(integrates to book journal entries)

Month-end close software
(integrates to pull balances; house reconciliations)

Payroll with allocations
(some full integrations; others better upload/download)

Bank feeds

Fundraising systems
(similar to payroll; sometimes full integrations are great; other times an efficient upload/download makes more sense)

Financial report generation
(makes your reports look amazing)

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3. Report Access

By granting more people in your organization read-only access to (appropriate) financial information, you can empower them to:

- Review financial information throughout the month and spot errors/coding changes mid-month vs. at month-end

- Allow budget owners to see budget v. actual (particularly on the expense side)
- Gain a better understanding of the financials of the organization

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Scan the QR Code To Answer

What is the biggest ongoing challenge for your accounting team?

A. The IRS
B. GAAP Standards
C. We don’t have an accounting team
D. Cybersecurity and data protection
E. Other

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Value-Added Analysis

What to do with all that extra time?

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Raise of Hands ….

When your books are closed, what are you able to do on a recurring basis each month today?

	1	2	3
Review results and bring questions/observations to the team to discuss	✓	✓	✓
Financials produced are standard packet (SOA, SOFP)	✓	✓	✓
Analysis of key highlights at a summary and/or line-item level		✓	✓
Dashboard or graphic representation of the financials		✓	✓
Updated forecast showing where the organization is likely to end the year			✓
Interactive tools to allow budget owners and/or governance to analyze performance to-date			✓

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6 Questions you Should ask your Organizations Related to Cybersecurity!

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1. Do we have a Formal Information Security Program in Place?

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The Information Security Program should Establish:

- The importance of information
- The need to protect information
- Roles and responsibilities
- Enforcement of policies

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Policies, Standards, and Procedures

Network and System Policies

- Logging and monitoring of security events
- Remote access
- Wireless networking
- Patch management
- Firewall management
- Antivirus management
- Intrusion Detection/Prevention

The Board should review (annually)

- Information Security Program and Status
- IT and Information Security Policies
- Security Breaches or Attempted Breaches
- IT Strategic Plan
- Information Security Risk Assessment
- Business Continuity Plan and Testing Results
- Incident Response Plan
- Results from Vendor Management Reviews
- Insurance Coverage for Cybersecurity

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2. What Data is Important to our Organization?

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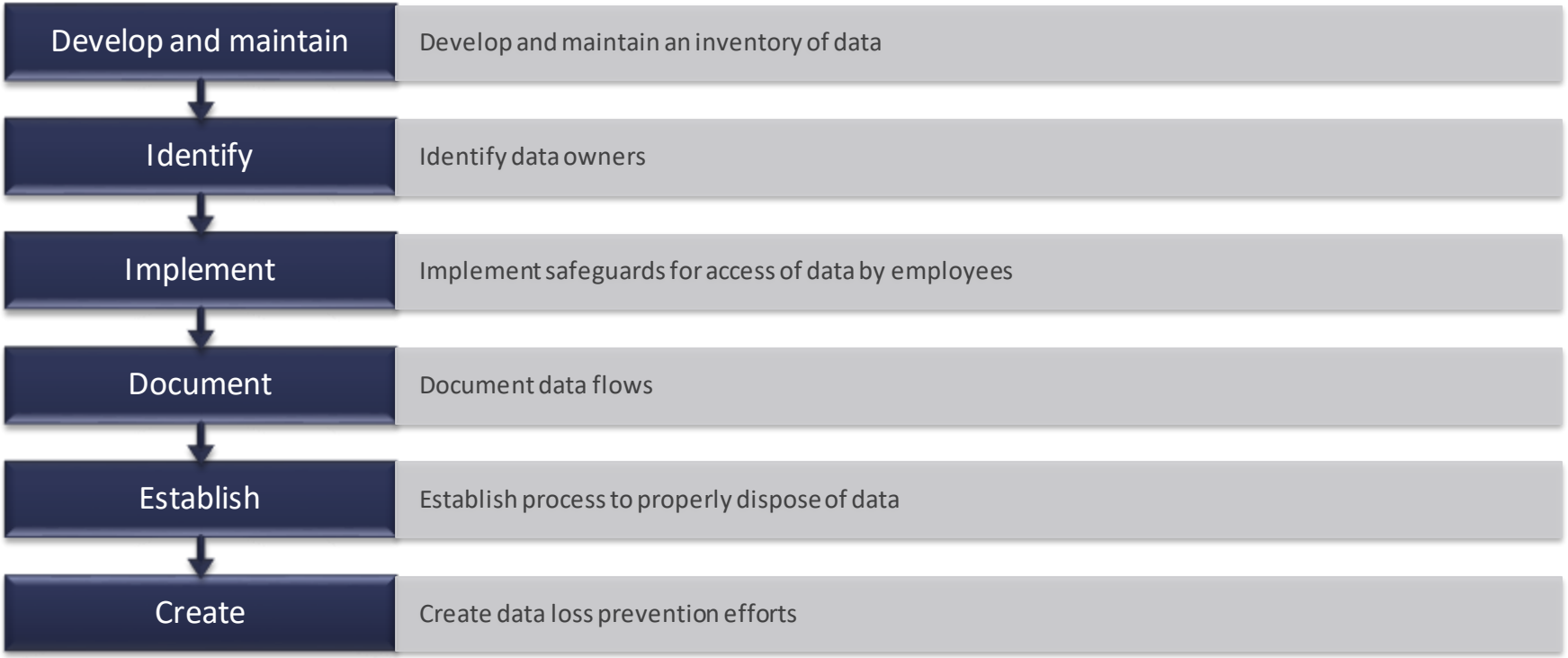
Data Protection



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https://www.cisecurity.org/controls/

Data Classification

Organizations should strive to have at least three levels of data classifications.

Public

Internal Use

Confidential

Controls should be implemented for each level of classification regarding data handling.

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3. Are Employees Receiving Security Awareness Training?

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Consistent Security Awareness Training is Essential

- Password strength and confidentiality
- Document destruction
- Locking and Logging Off Computers
- Social Engineering and Phishing
- Data Loss Risks (Removable Media, Email, Third-Party Storage Sites, Social Media Posts)
- Acceptable Use

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4. Are we Ready for a Cyber Attack?

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Are we Ready?

What are we doing to prevent cyber attacks?

What will we do if we are attacked?

Have we been attacked/compromised in recent history?

Did this result in data loss?

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5. What Could an Attacker do in our Environment?

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Penetration Testing Uncovers Risks and…

Reveals system vulnerabilities and misconfigurations that are beyond the scope of a vulnerability scanner

Evaluates the effectiveness of security awareness training and employees' ability to detect and report social engineering attacks (email phishing, pretext phone calls)

Allows organizations to receive a “fresh look” at the network from an outside perspective that is free from internal bias

Evaluates the effectiveness of security event logging controls and mechanisms to detect/prevent suspicious activities

*Penetration testing of information systems should be performed at least annually or when major changes occur.

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Scan the QR Code To Answer

How many of you have had a penetration test performed at your organization?

A. We have had one in the past.
B. We have never considered having one.
C. What's that?
D. We have this done annually.

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6. How do we Assess Third-Party Risks?

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Vendor Due Diligence

How do we select and onboard vendors?

Is there an assessment of risk associated with the onboarding of vendors?

Do vendors adhere to our policies, standards, and procedures?

Do we review assessments/audits of our vendors?

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Thank you!

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