Mastering **Workflow** in Nonprofit Management

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Overview

As more and more nonprofit organizations are challenged with doing more (with less support), servicing more (with limited resources) and raising more funds (during incredibly challenging financial times), nonprofits are simultaneously charged with operating as efficiently and effectively as possible. Having the right systems and procedures in place to automate tasks is essential for success. This is where "workflow" comes in.

> Nonprofits are looking for ways to unite team members in all offices and all work sites, while accomplishing their specific roles, together.

Defining workflow as the sequence of steps involved in moving from the beginning to the end of a working process, it's becoming more and more important for nonprofit management to master the art of workflow to continue fulfilling their mission.

As working remotely and working from home becomes part of the new normal, increasingly nonprofits are looking for ways to unite team members in all offices and all work sites, while accomplishing their specific roles, together. The ability to create specific approval processes, automate sequential steps, and enable remote employees to complete a variety of tasks, without physically moving paper forms from location A to location B can be incredibly efficient.

What can be automated to help you accomplish more? How can you streamline processes to be more efficient and improve internal control? This white paper, Mastering Workflow in Nonprofit Management, details the many areas workflow can help your organization—from Bill Pay to Payroll to Grants Management and much more.

Payment Processing / Bill Pay Workflow

Growing in popularity is online payment processing. As more work is done remotely, a great way to facilitate efficiency in your organization is to take your payment processing online. The benefits include reduced processing time, improved control of payment processing, and an improved audit trail.

Here are common steps in a Payment Processing / Bill Pay workflow:

1. An accounts payable bill is scanned and added as a payment request to be approved.

2. Financial management software can route the request for approval based upon the nature of the request.

3. If the payment request/approval is part of an accounting/ERP system, it can check the request against the budget for that item and stop or warn the user about the budget balance.

4. Once approved, payments can automatically be posted in the nonprofit's accounting system, posting expenses, and updating budget to actual. That is one advantage of using an ERP system that is integrated, rather than using outsourced payment processing applications.

5. The last step of the process is payment to the vendor. While paper checks will be with us for years to come, many are opting for payment via EFT (Electronic Funds Transfer). Think of it as direct deposit for accounts payable bills. While the process varies among banks, overall, it means uploading a file to your bank/financial institution that will push out payments to vendors.

> **HELPFUL TIP:** *A useful feature is to have the bill pay request automatically verified to make sure that funds are available in the budget. If the request is over budget it can prevent the user from making the request, or merely warn the user that their entry is over budget.*

Start Request → **Scan Document** → **Request Approval** → **Automatic Notification** → **Acceptance** → **Create Bill** → **Payment Processed**

Grants Management Workflow

Many organizations are largely funded by grants. All too often grant applications, award records, and grant reporting are kept outside of the financial/ERP system. In that scenario, grant information sits in a binder on the shelf of the grant writer! If this is the case, it's an example of data silos and should be addressed and removed.

Automating the grants management process with an appropriate nonprofit ERP system helps keep track of deadlines, reports, and tasks.

A typical grant life cycle and workflow could look like this:

1. **Grant Application** – A grant that is applied for can be entered into the system and copies of the grant application as well as any attachments can be stored on the grant. It would be tagged as "Applied for Grant," and not be available in any transactions.

2. **Grant Award** – Upon approval, status of the grant can be changed in the software so that transactions and tasks can be assigned to the grant. Copies of the award letter can be scanned and attached to the grant.

3. **Grant Reporting/Task Dates** – Practically every grant has reporting deadlines and related tasks. These deadlines and tasks can be setup to appear on a dashboard within the system and can be viewed by a user and schedule an alert when a task deadline is approaching or due.

4. **Revenue Recognition** – Recent revenue recognition rules for (ASU) 2014-09 can be confusing to implement and apply consistently. A grants management system can assist by providing an electronic form that when filled out, automatically determines the revenue recognition method, and the general ledger code to use.

5. **Budget Tracking** – Tracking budget to actual statistics for program managers and grant/development officers is an important step in the grant life cycle. Again, dashboards can be helpful with at-a-glance reference of spending status. Additionally, a grant query window can provide further drill-down capabilities to review grant transactions.

6. **Grant Completion** – Grants can be marked as completed or expired, so they do not populate for revenues and expenditures.

> **HELPFUL TIP:**
> *Dashboards can be set up to highlight Budget vs. Actual or Grant Deadlines, etc.*

Grant Application	Grant Award	Grant Reporting/Task Dates	Revenue Recognition	Budget Tracking	Grant Completion

Budget Development Workflow

Budgets are best when stakeholders have a say in their creation. Many organizations create their budgets in spreadsheets, but this method lacks collaborative workflow capabilities, such as: limiting ability for more than one user to be logged in at once, limiting version tracking, and not easily posting into the general ledger.

To facilitate a collaborative budget effort, it is important to have a budgeting module that can provide budget creation opportunities to department/program heads. A typical budget workflow in an organization might be:

1. Create budget worksheet, with columns for last few years history, and perhaps an automatically generated budget estimate based on any growth assumptions from a prior year.

2. Next, allow department heads and other stakeholders to edit projected budgets, or create new ones from scratch.
   a. Items like payroll taxes should be automatically calculated by formulas to ensure the correct amounts.
   b. Add notes and backup documents to budget worksheets.

3. Once department heads and stakeholders have finished, the working budget should be locked from entry and returned to the back-office staff.

4. Back-office staff then can create a new version, making edits and changes as needed.

5. They can pass the budget back to the department heads and stakeholders for final review.

6. Distribute the budget by period - monthly is most common, but sometimes quarterly or annually is sufficient.

7. Budget is automatically posted to the general ledger.

A version history should be automatic and the ability to lock the entries from further edits is necessary as a last step. Once finished, a budget should be able to be posted automatically to the general ledger. **A capable budgeting tool can also be used for "what if" scenarios and growth analytics.**

Create Budget Worksheet → Edit 1st Edition Budget → Lock the Working Budget → New Budget Revision → Final Approval by All Parties → Distribute → Post to General Ledger

Employee Expense Workflow

It is important for employee expenses to be processed in a timely manner, and perhaps more importantly, be subjected to an appropriate level of scrutiny for internal control purposes. The expense workflow is similar to the payment processing workflow described earlier, however there are a few key differences.

Typically, a reimbursement would be approved by a supervisor. Depending on the dollar amounts, budget line items, or other criteria, it is important that the approval process has built-in rules that can re-route the approval to a different level and escalate the approval process as needed.

Oftentimes, an employee will attach receipts and other documents related to the expense to be reimbursed, so it is critical that any solution for employee expenses allows scanning and attaching documents as well.

Here is a typical employee expense workflow:

1. The employee saves or scans the invoice/receipts on their computer or integrated cloud drive such as Dropbox.

2. The employee enters the request for payment into the software, including date, description, and account to be charged. Additional information and fields can be added based on the organization's needs.

3. Upon saving the request, it is routed to a supervisor based upon the approval workflows setup by the organization.

4. The approver gets an email letting them know there is a request waiting for approval.

5. The approver logs into the software and reviews the request. Depending upon company settings, the approver may be able to edit items in the request, or not.

    a. If the request is rejected, it is typically sent back to the original requester via email with a reason for disapproval.

    b. Upon approval, the request may either become an accounts payable bill, ready for processing, or automatically move to the next approver, based upon the workflow rules.

On occasion, an organization will provide a prepaid amount to an employee for travel. In that case, it's important to have a travel reimbursement system that can reconcile the amount provided to actual expenses incurred by the employee.

A travel reimbursement system provides a single location to manage and track all travel advance activities. Once the advance is recorded, a travel management system automatically generates an accounts payable bill for the advance. Once the advance is processed, the travel event stays open until the reconciliation is received. Each travel item in an event can be charged to different funding sources and expense codes, as needed.

Purchase Order Workflow

For organizations that use purchase orders, electronic workflows can help streamline purchasing, approvals, and payments. Purchase Orders can be automatically checked against budget balances to ensure there is room in the budget. Once approved it can be automatically turned into a Purchase Order or the request can be sent to a purchasing officer to turn into a PO. At this point an encumbrance is created automatically in the general ledger system.

Payroll / HR Workflow

Payroll is the largest expense most nonprofits incur. It is often a biweekly process that involves every employee in the organization, and it is a crucial to get it right. It is important to invest in efficient payroll workflows that ensure efficient, accurate processing.

One key area of organizational workflow is timesheet approval.

1. Employees enter timesheets as pay period progresses in an electronic timesheet system, not on paper. Your software should allow the employee to enter program and client information, enabling the employee to accurately allocate the time spent during the pay period.

2. Timesheets should allocate time spent per budgeted/approved allocation schedules. This is useful for administrative employees or employees who have time paid by multiple funding sources.

3. Timesheets should automatically flow to approvers, notifying the approver via email or text that a timesheet is awaiting approval. Additional routing is needed to accommodate for when approvers are on vacation, etc.

4. Once approved, timesheets should integrate with the payroll, and seamlessly update general ledger expense accounts and budget to actual figures.

> It is important to make sure your systems are integrated, working together and not in silos, to be a reliable source of complete information. Having a timesheet system that is an integral part of the overall payroll process can greatly improve efficiency, accuracy, and timeliness of critical information to an organization and its operation.

Enter Timesheet → **Allocate to Programs & Grants** → **Submit for Approval** → **Obtain Approval** → **Post Into Payroll**

Mastering Workflow in Nonprofit Management

Employee Self-Service Workflow

It is beneficial for employers to automate the recording and approval of certain employee driven items such as Federal Withholding, address changes, healthcare enrollment, and deduction changes.

From a workflow perspective, it is best to have an employee be able to input these changes and preferences online, preferably within the same window as they input their timesheets. These changes can then be automatically adopted or sent to a supervisor for approval.

Once approved, the change is recorded and will be automatically reflected in the next payroll run. This eliminates so much paperwork and takes the burden off payroll clerks to record and file these items.

Time Off / Leave Approval Workflow

Time off requests are another opportunity for increased workplace efficiency. Without an automatic system, approvals can be forgotten, not accurately recorded, or not vetted against projected accrual balances.

A robust time off/ leave accrual system can enable the employee to enter a PTO request in the same window as timesheet records. The request can then notify the approver via an email or text. The approver can then review and approve or reject the request.

If the approval system is tied into the overall payroll system, it can check the request against existing and projected accrual balances and provide that information to the employee and approver. Once approved, a good system can automatically post the time off into the payroll run, eliminating the need to enter that time in, and making sure it is accurately recorded.
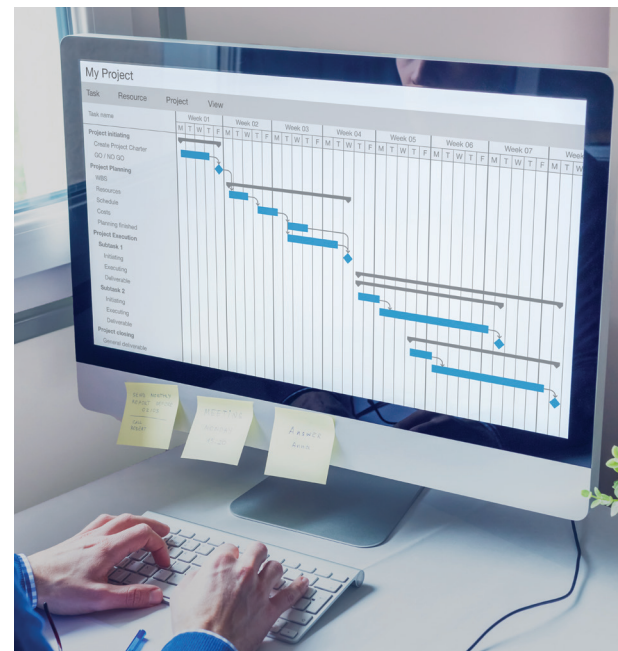
Asset & Facility Request Workflow

It is common practice for individual employees to have to "sign out" a conference room or vehicle for use by that individual or group. While traditionally this was done manually, some nonprofit/ERP systems can provide an electronic request process for these items.

Typically, these items can have their own separate approval process, with email or text notifications to the approver. Upon approval a central calendar can be updated and viewed by all employees with access to this application. Often this facility request is in the same sign-on as the timesheet window, providing a single sign-on for many work-related items.

General Ledger Workflow

Many organizations need an approval process for general ledger entries. While this process normally does not need to be as nuanced as payments processing, rules can and should be put in place to:

- Enable the submission of an unposted journal entry,

- Facilitate any attachment of supporting documentation, and

- Allow the subsequent approval by a supervisor, with timestamp and automatic posting into the general ledger.

Document Management and Workflow

Less [paper] is more in the realm of document management; less paper and more electronic document management capabilities for nonprofits. Popular electronic items stored include: W-9 information, employee W-4, contracts, leases, receipts, work-papers, bank statements, grant awards, and more.

In Summary

The work you do now, as an organization, to set up all the workflows that can benefit your team, will pave the way for success well into the future.

By mastering workflow, you optimize the technological capabilities of your systems and make your organization as efficient as possible; effectively keeping your team connected while executing the programs and support your community needs.

About AccuFund

AccuFund is 100% focused on fund accounting and the unique financial management requirements needed by nonprofits and government entities—it's one reason nonprofits and government entities have trusted AccuFund for over 20 years.

As an industry leader in nonprofit and local government financial management systems, AccuFund solutions:

- Enhance workflow, payment processing/bill pay, automations and electronic approval processes,
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- Offer comprehensive API connection capabilities,
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AccuFund solutions will free your finance team, department managers, and project managers from the burden of maintaining spreadsheets. In addition to hundreds of reports that can be generated and distributed directly from the system, including FASB ASU 2016-14 reporting requirements, critical information can be displayed through dashboards so that every manager has their key data metrics visible throughout the day.

AccuFund offers onsite and cloud platform choices:

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For more information please contact us at 877-872-2228 x215 or email us at sales@accufund.com. Visit www.accufund.com for product information, client success stories, and a schedule of upcoming product webinars.

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