



The Ying and Yang of Strong Fiscal Infrastructures and Sound Programs

How strengthening fiscal infrastructures improves program outcomes

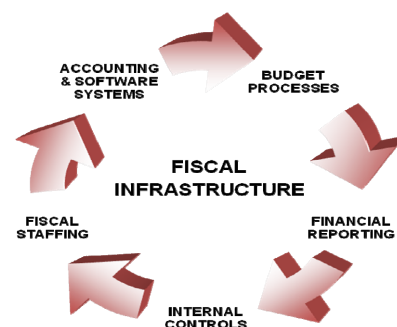
In responding to today’s economic climate, and the increasingly complex not-for-profit compliance, funding and operations requirements the sector is facing, many leaders are choosing to strengthen their organizations by reviewing their fiscal infrastructures.

At FMA (Fiscal Management Associates), because we understand consulting resources are even more limited than normal and that making a decision to engage a consultant can be confusing, we support the sector by providing a free overview of how a fiscal infrastructure review works and why it is so critical in times like these to get it right. We encourage you to consider the following key fiscal infrastructure components and scenarios and to contact us should you need to have anything clarified.

Key components and infrastructure scenarios to consider

A not-for-profit’s fiscal infrastructure includes the following key components: **fiscal staffing; budget processes; accounting software and systems; financial reporting; and internal controls**. As our visual representation shows below, these elements are inter-related and can be defined differently for each organization. In thinking about your organization’s fiscal infrastructure, one or two areas may resonant with you more fully than another. For example:

- You may have just hired a new Director of Finance who wants to make sure you have the appropriate staffing structure to support the demands of the organization.
- Or you might be considering new accounting software because you aren’t sure if your current software is adequate for your changing needs.
- Perhaps Finance and Program aren’t communicating the way you would like them to and program managers don’t have ownership over their budgets.



Who’s involved and what is the intended outcome?

The point is that something – even if that something is not a tangible, nameable problem – isn’t working right and it may well be originating from the organization’s fiscal operations. So how do we try and tackle this challenge? The answer is to look at your fiscal operations in a comprehensive manner that is inclusive of different perspectives. What does this mean? It means including not only your fiscal staff in the conversation but your program managers, your fundraising team, the human resources staff, and your staff managing government contracts. In addition, it is critical to gain insight from key board members as well as your auditors. These perspectives will help you understand:



- Whether or not your team receives and understands the kinds of financial information they need to make critical management, fundraising and programmatic decisions
- How to more effectively communicate and plan appropriately when it comes to your budget process and managing costs
- Whether or not roles, responsibilities, systems and policies are allocated and defined appropriately in order for the organization to most effectively support its fiscal operations

The goal of the fiscal infrastructure review is **to evaluate your organization’s fiscal operations – staffing, systems and processes- and provide recommendations and tools to retain what works and improve what doesn’t**. The outcome of this process is an action plan with concrete steps, an associated timeline and manageable objectives. Each review is unique and focused on best principles and promising practices to improve an organization’s fiscal operations.

When is the “right” time?

When might be the right time for your organization to think about this? As we all have experienced, there seems to never really be a right time to embark on internal improvements...that kind of time is quite a luxury! FMA has worked with hundreds of not-for-profit organizations and helped them understand and optimize their fiscal office resources, in a time frame that worked for them.

Recently, we partnered with the Wallace Foundation and conducted a research study that shows a direct correlation between an organization’s administrative capacity and its ability to meet the organization’s mission successfully. (For more information about this study please feel free to download it on our website: www.fmaonline.net).

For more information about FMA and its fiscal infrastructure review, please contact Dipty Jain, Manager of Consulting Services at (212) 931-9268 or djain@fmaonline.net, or visit our website: www.fmaonline.net

About the Author

Jean K. Ries, MPA is a Consultant based in San Diego who has spent the past 9 years working in the field of nonprofit management and capacity building. Jean was one of FMA’s first employees and continues her commitment to the nonprofit sector through her work in the areas of organizational assessment, development and change management. Questions or Comments? Please feel free to contact Jean at jeankries@gmail.com.