



BUSINESS CONFERENCE

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Risks and Rewards of Digital Transformation

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Gelman, Rosenberg & Freedman CPAs is now GRF CPAs & Advisors



Please note our new address:

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Firm Background

- Our overall mission is to provide exceptional audit, tax and consulting services to our diverse client base
- Established in 1981: Industry-recognized, award-winning accounting and advisory firm headquartered in Washington, DC with offices in Baltimore and New York
- 18 partners and 115+ team members
- Primary focus on the nonprofit industry
 - Working with over 600+ nonprofits locally, nationally and internationally
 - Over 70 professionals devoting 100% of their time to the nonprofit industry



Inside Public Accounting's **Top 200**
2019, 2018, 2017, 2016, 2015, 2014



Accounting Today's **Best Accounting Firms to Work for**
2019, 2018, 2017, 2016, 2015, 2014, 2012, 2011



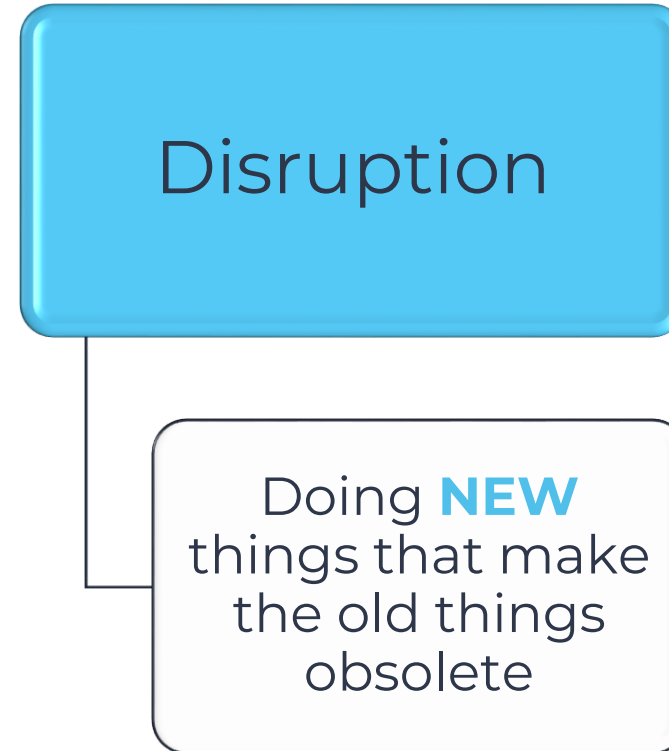
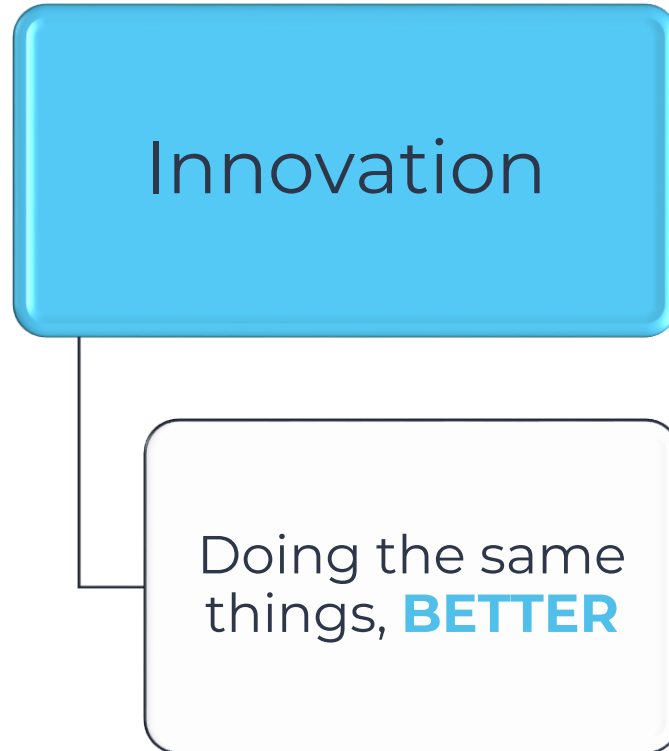
Agenda

- Innovation vs Disruption
- Transformation Rewards
- Transformation Risk
- Accounting System Assessments
- Harnessing a Culture of Innovation
- Digital Transformation Strategy

Digital Transformation

Innovation vs. Disruption

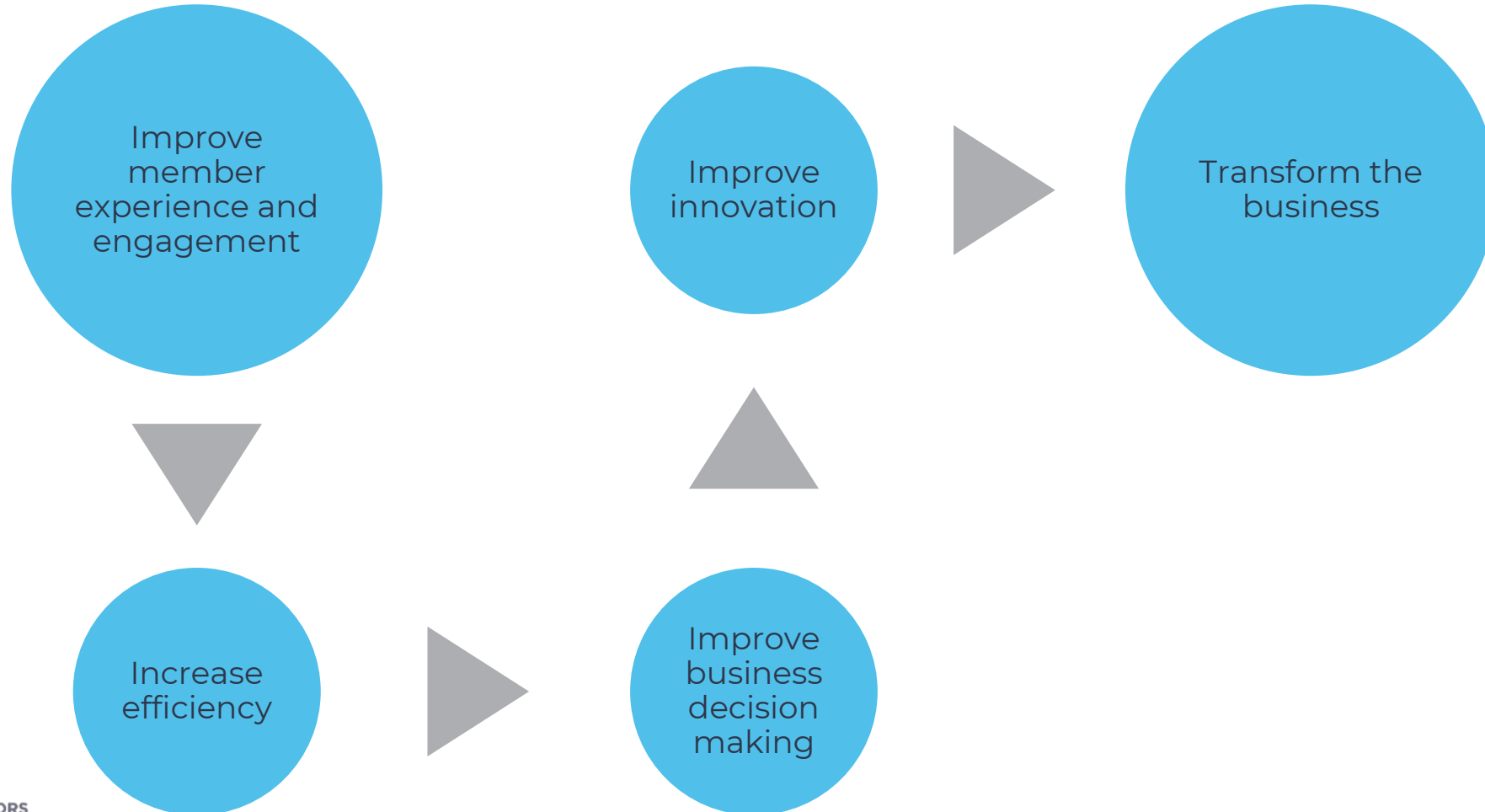
Associations must harness the chaos of continuous change



“CFOs must begin to experiment, however, or risk falling behind other functional groups in the organization and other companies in the industry whose digital transformations are already under way. They might lose a golden opportunity to help drive the business agenda.”

Association Transformation

Rewards



Reshaping the Finance Function



To improve processes through **automation and robotics**



To give end users real-time financial information with **data visualization**



To accelerate decision support through **advanced analytics for finance**

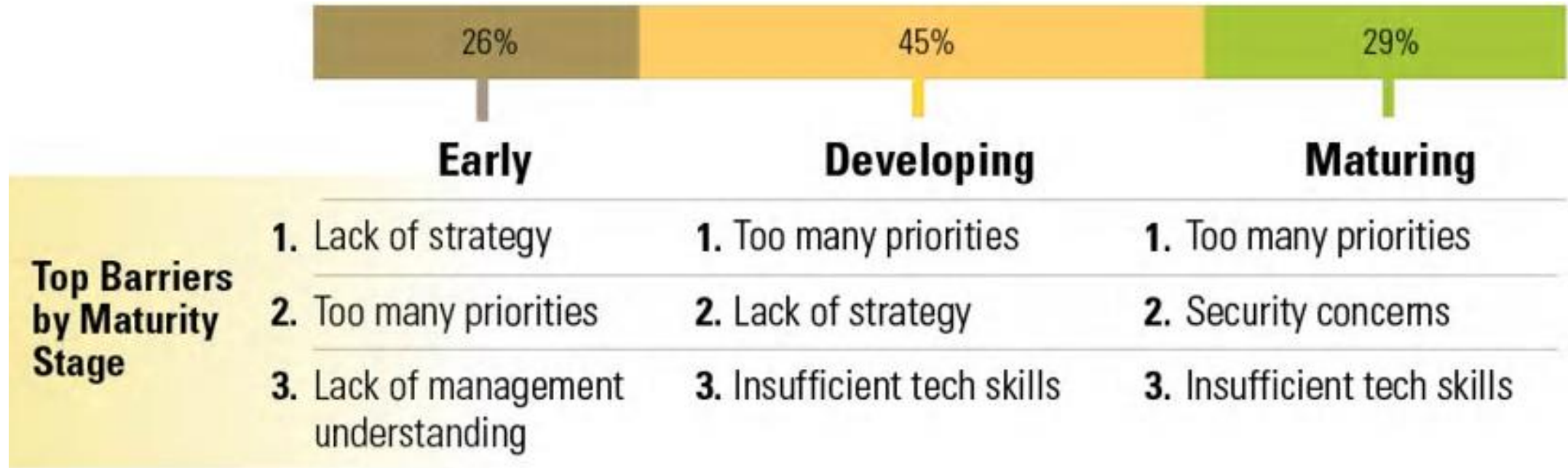


To uncover hidden value and growth opportunities through **advanced analytics for business**

Reshaping the Finance Function

Digital Transformation

Top Barriers by Maturity Stage



Graphic: MIT Sloan Management Review/Deloitte University Press | DUPress.com

Digitally maturing organizations are also much more likely to have collaborative cultures that encourage risk taking.

IT Risk

IT Risk Considerations

Digital Transformation Risk

- More organizations are embracing modern technology than ever before
- Each year more goes from physical to digital

Digital Transformation - the integration of digital technology into all areas of an organization changing how you operate and deliver value.

1. Third Parties
2. Operational Resilience
3. Internet of Things



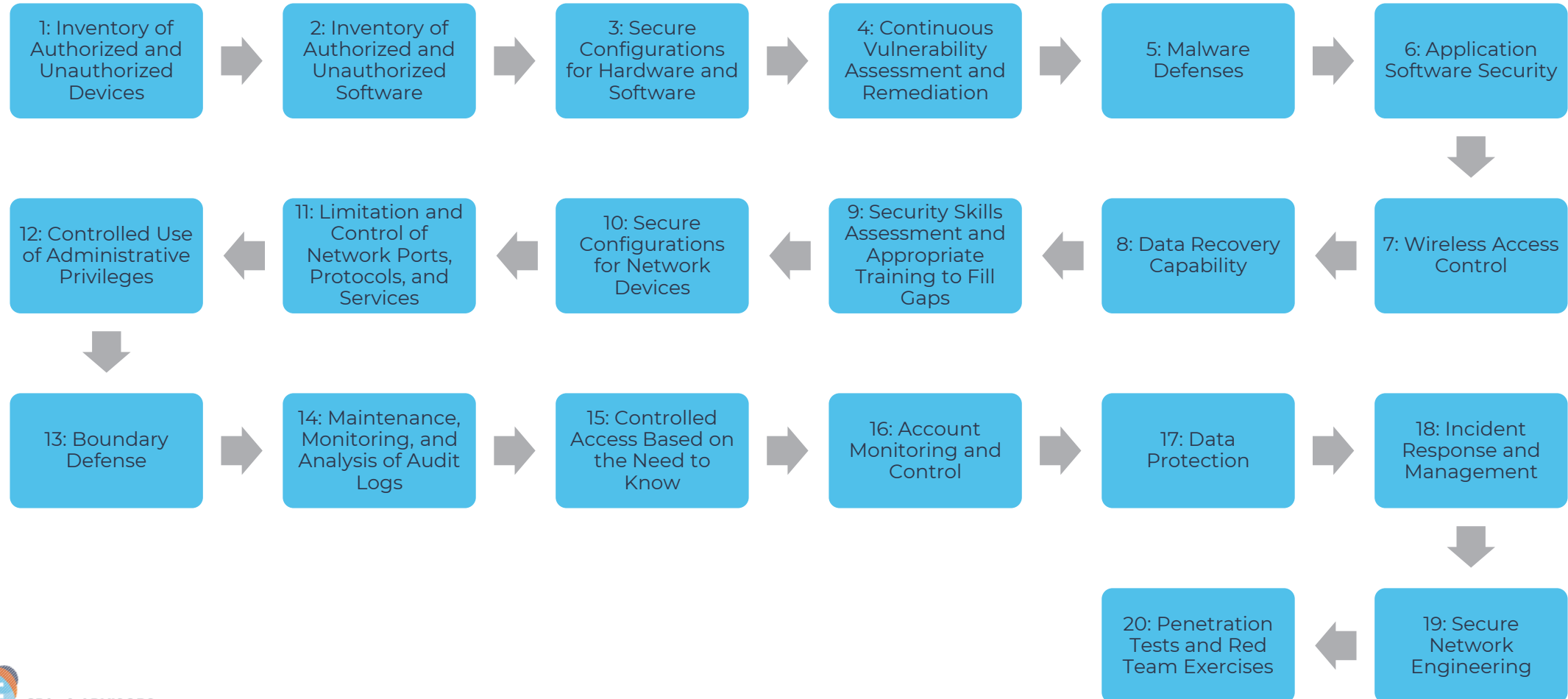
Cybersecurity and Preventing Fraud



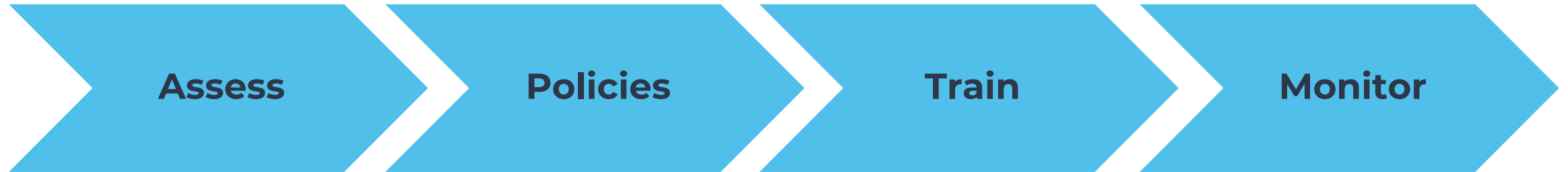
- As IT evolves, so do the schemes used by hackers
- Prevent unauthorized access to your network
- Monitoring and evaluation
- Protect sensitive data (PII, financial, IP, etc.)
- Consequences of a breach can be catastrophic (loss of money, loss of data, reputational damage, etc.)

Best Practice Benchmarking

SANS 20 Critical Security Controls



IT Risk Strategy



Accounting Systems



CPAs & ADVISORS

Understanding Your Accounting Function

Current State

- For most organizations, accounting = cost center
 - Standard monthly reporting package with little insight
 - Clean audit indicates solid performance
 - Accounting function disconnected from operations
- Areas of focus
 - Systems → Integrated? Combination of financial and non-financial data?
 - Processes → Paper-based? Duplicative? Internal controls considerations?
 - People → Siloed decision-making? Human robots vs. business advisors?
 - Reporting → Actionable? Forward-looking? Strategic?
- Is your accounting function equipped to handle future demands?

Existing and Emerging Accounting Technologies

Future State

Cloud-based software

- Open system environment → Create ERP-like system for a fraction of the cost
- Access to “real-time” data from anywhere

Robotic process automation (RPA)

- Programmable tasks to reduce manual human work

Artificial intelligence (AI)

- Self-programming RPA that learns/evolves

Accounting Assessment

Bridging Current and Future State

Where to start?

- Consider an accounting assessment
 - Current system and process improvement areas
 - Actionable recommendations to build a scalable accounting function
- Key considerations
 - Strategic goals
 - Internal needs assessment
 - Balance of accounting vs. non-accounting needs

Key takeaway: embrace the modern tools to evolve accounting into a strategic business partner

Culture

The Culture of Innovation



The Culture of Innovation

Innovation Failure

New products, services and technologies can enable amazing growth, but these innovations can carry significant risks.

The main reasons for innovation failure can be summed up as:

Inappropriately trained teams
not devoted to the initiative

Inflexible or ineffective project
management

The Culture of Innovation

Executive Sponsorship

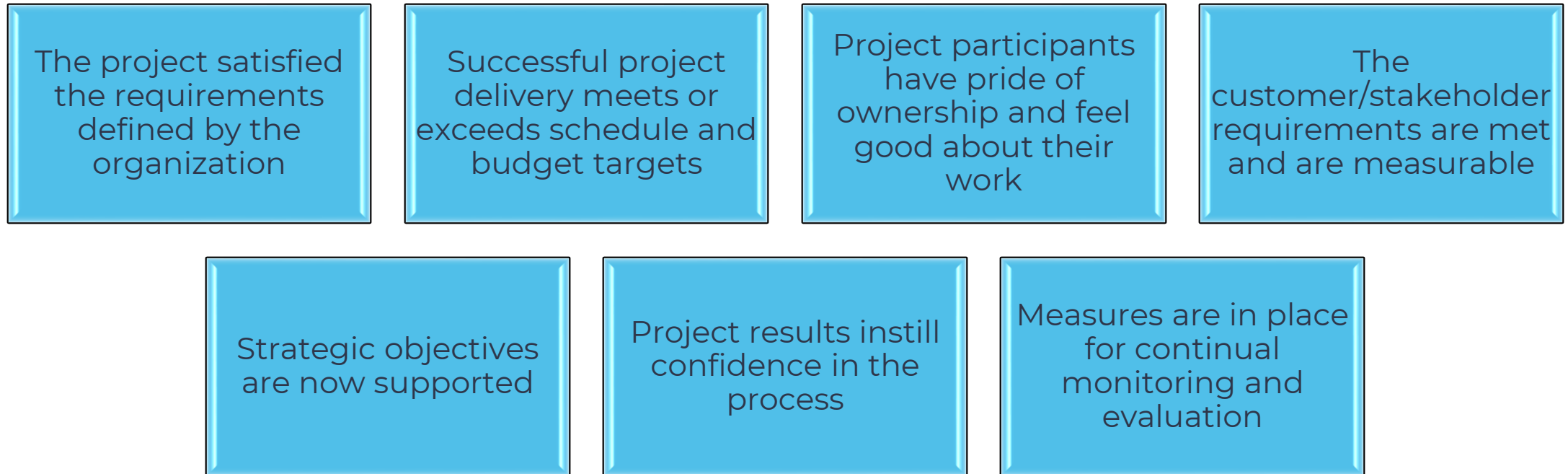
One of the key success factors in successful transformations is have having executive management “sponsor” the transformation initiative. Doing this promotes the following:

- Gives the project teams the authority they needs to promote organizational change effectively
- Provides effective oversight that can keep the teams work aligned with the organization’s strategy and objectives
- Allows for legitimacy within the organization as it fosters an effective and trusted approach

The Culture of Innovation

Project Management

Based on input from executive management, the project should be considered a complete success when the following are true:



The Culture of Innovation

Strategic Alignment

When starting your 2020 transformations, prepare your team to succeed by considering the following:

Align

Your strategic plan to your mission and objectives

Sponsorship

Identify someone at the executive level to sponsor the project

Gap Analysis

Map your transformation plan to your existing environment

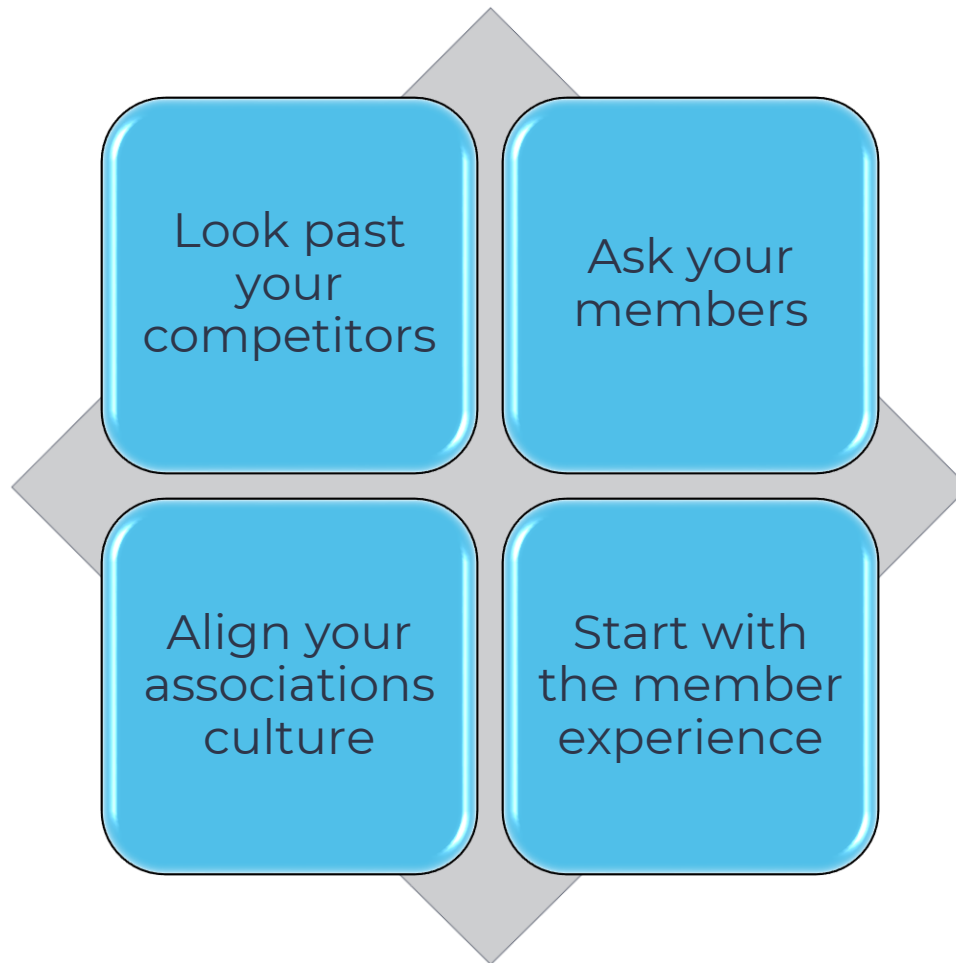
Communicate

Ensure the project stakeholders understand the benefits and challenges of the initiative

Monitor

During the transformation initiative, ensure the project management teams have appropriate approvals for change yet remain flexible for quick adjustments to the plan.

Digital Transformation Strategy



Questions?

Contact Us



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AUDIT AND ASSURANCE



TAX PLANNING AND PREPARATION


Associations

Audit and Assurance

- Audit, Reviews and Compilations
- Benefit/Pension Plan Audits
- Agreed Upon Procedures
- Internal Control Evaluations

Compliance

- Regulatory Compliance
- Expatriate Tax Issues
- Internal Audit



CYBERSECURITY



FRAUD PREVENTION AND DETECTION

Internal Audit

- Fully Outsourced or Co-Sourced
- Internal Audit Function
- Internal Audit Data Analytics
- SOX / Key Controls Assessment

Industry Consulting

- Strategic Planning
- Business Continuity
- Business Process Improvement




ENTERPRISE RISK MANAGEMENT



INTERNAL AUDIT

Tax Planning and Preparation

- 
- IRS Form 990 Preparation
 - Maintaining Tax-Exempt Status
 - Tax Strategy

Cybersecurity

- Cybersecurity Risk Scanning Tools
- Cybersecurity Best Practices Benchmark
- Policy and Procedures



OUTSOURCED ACCOUNTING



OUTSOURCING

Fraud Prevention and Detection

- Forensic accounting
- Investigative due diligence
- Fraud analytics

Accounting Assessments

- Productivity/Cost Reduction
- Accounting Standards Advisory/Revenue Recognition
- Policies and Procedures
- Key Controls Benchmarking



COMPLIANCE



IT ASSESSMENTS

Enterprise Risk Management

- ERM Implementation / Maturity Assessments
- Risk Assessments / Surveys
- Linking Risk with Strategic Planning

Outsourced Accounting

- Audit Support Services
- Training for Accounting Staff
- Development of Accounting Policies and Procedures
- Technology Evaluation and Implementation
- Implementation of New Accounting Standards



ACCOUNTING ASSESSMENTS



INDUSTRY CONSULTING

Outsourcing

- Outsourced Accounting (Financial)
- As-Needed CFO and Controller Services
- Outsourced Chief Information System Officer (IT)
- Outsourced Risk Officer (ERM)
- Outsourced Chief Audit Executive (Internal Audit)

IT Assessments

- Internal IT auditing
- Key IT Control Benchmarking
- Privacy Assessments
- Third Party Risk Management (TPRM)
- Policies and Procedures

Workshop | NC State University | October 17-18, 2019 | Raleigh, NC

ERM in Nonprofit Organizations



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NC STATE Poole College of Management
Enterprise Risk Management Initiative

Association Digital Transformation Solutions

Customized Solutions

We evaluate each client's cybersecurity posture and overall IT risk against changes relating to digital transformation, emerging threats, and the increasing regulatory environment. Our practical right-sized solutions are based on your organizational context to address your most important issues.



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