

Audit Committee Annual Report  
October 19, 2008

Committee Members: Diane LeBar, Chair  
Marilyn Kostrzewski  
Patricia Scholl

The financial records held by the current MHSLA Treasurer for the period 11/1/06 – 12/31/07 were reviewed. All deposits, checks, and entries were accurately documented with the following exceptions:

- LaSalle statement (dated 3/31/07) shows a \$45 withdrawal for “COMMERCIAL DEBIT ADJ” on 11/15/06, but the withdrawal was not entered in the register. A discrepancy in a deposit (dated 1/10/27) is the probable cause for the adjustment. Thirteen checks for \$45 each (totaling \$585) appear to have been deposited, despite a bank receipt and deposit ticket for \$630.
- Check #576 (dated 6/3/07), paid to the order of “Michigan Library Consortium”, was never cashed. The \$170 check was issued to cover “facility fees for [three] MHSLA board meetings held at MLC” (MLC invoice dated 5/15/2007).
- Receipt (dated 8/9/07) and LaSalle statement (dated 8/31/07) show that \$330 was deposited on 8/9/07, but the deposit was not entered in the register. Documentation for membership dues totaling \$330, deposited on receipt date, is included in the treasurer’s binder.

After reconciling the above discrepancies, the account balance on the LaSalle statement dated 12/31/07 and the last 2007 balance recorded in the checkbook register (dated 12/4/07) coincided.

Bonding for the MHSLA President and Treasurer is current through June 1, 2009.

The Certificate of Deposit was allowed to automatically renew to its maturity date, 7/21/2008. The balance as of 5/12/2008 was \$16,793.91.

Unresolved issues to be addressed by Treasurer:

- Contact the Michigan Library Consortium regarding check #576 (see above) and if necessary, reissue a check for \$170.
- Tax forms were not submitted in 2005, 2006, and 2007. The current MHSLA Treasurer must contact the IRS to rectify the oversight.

The committee received board approval for proposed changes to the Audit Committee's section of the Procedure Manual, highlighted in red and "strikethrough" below.

## **MHSLA PROCEDURE MANUAL AUDIT COMMITTEE**

### **Charge**

To ensure the organization's financial viability and accuracy of all financial records, the Audit Committee shall audit the Treasurer's books and other financial documentation after the close of each fiscal year. Audits shall be conducted according to generally accepted accounting principles. The findings shall be reported at the March Board meeting and at the Annual Business Meeting.

### **Members**

The Audit Committee shall have three (3) members appointed by the incoming President or Committee Chair. The Treasurer may not be a member of the Committee. The Audit Committee should not serve more than two successive terms.

### **Procedures**

*In practice, the Audit Committee conducts the audit in March following the end of the fiscal year. This allows for expenditures related to the annual conference to be documented and paid.*

1. Retrieve all financial documentation from the Treasurer, ~~Group Purchasing Coordinator(s) and fiscal agent(s).~~
2. Check the Treasurer's expenditures for accuracy.
  - a. All forms should be completed in their entirety by the requestor.
  - b. There are two types of forms:
    - i. Reimbursement Request Form
    - ii. Speaker Expense Reimbursement Form
  - c. Receipts should accompany the forms, when appropriate.
  - d. Verify that the sequence of checks can be accounted for, and that none are missing.
3. Check deposit records for accuracy.
  - a. Verify that all cash receipts can be accounted for and were properly recorded.
  - b. Bank statements should be checked against the records of deposit.
    - i. Accrued interest should also be noted.
- ~~4. The ledger should coincide with the balances on the:~~
  - ~~a. Checkbook.~~
  - ~~b. Bank statement.~~
4. Checkbook register should coincide with:
  - a. Carbon copies of issued checks
  - b. Bank statements

5. Check for currency in the bonding of the:
  - a. Treasurer.
  - b. President.
6. Verify that Tax Form 990 has been filed annually.
7. Check for status of Certificate of Deposit.
  - a. Interest should be noted on the yearly statement.
  - b. Interest should be reflected in the Treasurer's Report.
- ~~8. Check Group Purchasing Coordinator(s) financial documentation for accuracy.~~
- ~~9. Check fiscal agent(s) documentation for accuracy.~~
8. Verify that the Treasurer is in receipt of current Michigan Library Consortium statements regarding group purchases.
9. Verify the safe storage of cash, checks and receipts.

The amended Audit Committee section of the MHSLA Procedure Manual was posted on the website in September 2008.

These amended procedures will necessitate a change in the Group Purchasing Committee procedures. Diane LeBar contacted Deborah Adams (Group Purchasing Chair) and Heidi Schroeder (Resource Sharing Chair) to suggest that procedure #3 be deleted from the Group Purchasing Committee's section of the Procedure Manual. It reads: "The Audit Committee shall annually review each project's documentation and report to the Board and General Membership."

Respectfully submitted,

Diane LeBar, Chair