



Illinois Heartland Library System

Illinois Heartland Library System
Finance Committee Meeting
October 16, 2013

CALL TO ORDER:

Susan Mendelsohn called the meeting to order at 3:34 p.m.

Committee Members Present: Susan Mendelsohn, Chair
Libby Letterly
Jacob Roskovensky
George Trammell
Nina Wunderlich
Linda McDonnell

Others: Mitch Schluter
Leslie Bednar
Rose Mary Barczewski
Peggy Durst

CHANGE IN ORDER OF AGENDA:

Linda McDonnell moved that the Committee change the order of the agenda and move Item #6 (Review of Second Audit Report) to the beginning of the meeting. Jacob Roskovensky seconded the motion. The motion passed unanimously by voice vote.

MINUTES:

Susan Mendelsohn moved that the minutes of the September meeting be approved with one correction: Linda McDonnell should be added to those present. Jacob Roskovensky seconded the motion. The motion passed unanimously by voice vote.

REVIEW OF SECOND AUDIT REPORT:

Susan Mendelsohn asked if the \$23,000 WebJunction deficit was covered by the General Fund. Rose Mary Barczewski stated that this will be addressed at the end of the fiscal year. Mitch Schluter from Martin, Hood, Friese & Associates stated that the Board should approve transfers at the end of the current fiscal year.

Mitch Schulter reviewed the single audit for federal funds received in FY13. The audit covered internal control and compliance. His report included a summary of federal awards and a summary of the audit findings.

The audit must provide a summary of prior audit findings for federal awards. Since FY13 was the first year that IHLS received federal funds, there were no prior audit findings.

The audit found two weaknesses in the area of OCLC account and payroll:

- OCLC bank reconciliations must be done in a timely manner and reviewed by management.
- The OCLC computer accounting system program needs to record entries in the ledger in a more timely manner.
- Bank reconciliations must be done on a regular basis and be reviewed by a second party.
- Timesheets should be approved consistently by management. Existing procedures for payroll should be enforced.

Mr. Schluter noted that this report is for the time period July 1, 2012 – June 30, 2013, and these issues are being corrected, so these should not be findings for next year. He also stated that there were no questioned costs and nothing that led to fraud or misappropriation.

Other findings that the auditors did not consider serious enough to include in their report on internal control and compliance, but need to be addressed by management include:

- Disaster Recovery Plans for all locations.
- Accounting personnel need to develop detailed descriptions of daily, weekly, monthly, quarterly and annual duties.
- Capital Asset Disposal. IHLS should consult with the Illinois State Library prior to any future capital asset disposal. (Leslie Bednar noted that IHLS followed the appropriate process to dispose of the Decatur building, advertised it in the newspaper as required, and that the Illinois State Library was present during discussion and fully aware of the sale of the Decatur building).
- The Accumulated Vacation Policy needs to be clarified concerning the maximum amount of vacation an employee may carry. (Jacob Roskovensky will discuss this with the Personnel Committee).
- Payroll documentation. It was noted that during FY13 some payrolls were processed that did not have the same approval as others. Someone must approve and document consistently.

George Trammell and Mitch Schluter left the meeting at 4:55 p.m.

PUBLIC COMMENT:

None.

PAID BILLS LIST:

The committee reviewed the bill list and had questions about the following bills: Nina Wunderlich asked if we would see an end to expenses for Decatur and Carterville. Rose Mary Barczewski stated that there should not be more.

Check #	Payee	Description	Amount	
53234	Applianz Technologies	Cougar Mountain Hosting	\$1,247.50	This was paid to give auditors access to last FY's records. Plans are to download the records and end the contract.
53325	Library Ideas	Data Base Fees	\$750.00	Reimbursable by a member library.
53246	CDS	Copier Maintenance	\$462.00	Rose Mary will report back where the Decatur copiers went.

CREDIT CARD SUMMARY:

Rose Mary Barczewski reported that although the invoice shows a payment of interest, this has been credited back to the System. There was a problem with payment of a card for a former staff member that the Business Department did not have access to pay. This has been corrected and all fees and interest have been removed.

REVIEW OF SEPTEMBER 2013 FINANCIAL STATEMENTS:

Financial Statements were not available.

UNFINISHED BUSINESS:***Clarification of Reimbursement for Meals Policy (IHLS Personnel Code p. 22)***

The Committee discussed the expenditure for staff meals within the IHLS area. All of these expenditures are reviewed and approved by the Executive Director.

Nina Wunderlich moved that the Committee ask Leslie Bednar to initial the cover sheet for credit card bills. Susan Mendelsohn seconded the motion. Yes votes: Mendelsohn, Wunderlich. No votes: Letterly, Roskovensky, McDonnell. The motion did not pass.

NEW BUSINESS:***IHLS PER CAPITA GRANT RESPONSES TO THE STATE:******Credit Card Detail added to IHLS Board Package***

As requested by the Illinois State Library, a report of credit card purchases will be provided for the entire Board and they will be asked to approve that along with bills.

Proposed Amendment to the Budget (Grants/Replacement Vehicles)

Rose Mary reported that in their comments on our Area & Per Capita grant application, the Illinois State Library has asked IHLS to replace more of our older vehicles. The proposed budget amendment will increase that line from \$100,000 to \$173,500 for four more vehicles.

The amended budget also removes 9 months of WebJunction costs from the Special Revenue section of the FY14 budget, since administration of that program has gone back to Illinois State Library.

The eBook grant is also included in the amended budget under SHARE. This is for salary and benefits for one staff member in the amount of \$80,560. RAILS will handle all other expenses.

Language to Be Added to Financial Policy

The Illinois State Library has asked IHLS to add language to the IHLS Financial Policy concerning the use of credit account and credit cards. This language will be proposed to the Board to be added to the Financial Procedures and Practices policy.

SHARE:***Change in Calculation of SHARE Fees***

Discussions are just beginning. Leslie Bednar will meet with SHARE staff and the SHARE Policy and Fee Committee to consider options going forward.

Projected Increase of Revenue/Expenses Based on Addition of 6 New Libraries

Susan Mendelsohn asked what the projected increase in revenue will be for six additional SHARE libraries. Rose Mary will meet with Traci Edwards and report projected revenue from six new libraries at the November meeting.

Impact of Other Committee Discussions on IHLS Finances

No report.

Comments from Rose Mary Barczewski:

Rose Mary reported that IMRF has requested an audit, and it will be completed in the next few days. Their report will be included in the November agenda.

Comments from Leslie Bednar.

None.

Questions/Concerns from Committee.

Libby Letterly strongly recommended that when staff begins work on changes in the calculation of SHARE fees, they include the SHARE Finance Committee in discussions.

Public Comments:

None.

Adjourn.

Susan Mendelson moved that the meeting adjourn. Jacob Roskovensky seconded the motion. The motion passed unanimously by voice vote. The meeting adjourned at 6:00 p.m.