

2012-2013  
EBD #4.19

TO: ALA Executive Board

DATE: April 18, 2013

RE: Director of Financial Reporting and Compliance Report

**ACTION REQUESTED/INFORMATION REPORT:**

Information only

**CONTACT PERSON:**

L. Denise Moritz, Director of Financial Reporting and Compliance, 312-280-5834

**BACKGROUND:**

This report highlights the following:

- *Form 990 and Form 990-T*
- *403(b) audit*
- *Internal control*
- *Change management policy*
- *Bill Payment Process (BPP) SharePoint*

## Report of the Director of Financial Reporting and Compliance

Form 990 and Form 990-T for the fiscal year ended August 31, 2012 submission

- △ The Form 990-T has been prepared and is ready for filing.
- △ The Form 990 is currently being prepared and will be available for review and distribution to the Executive Board by the Executive Director the week of April 22, 2013. Our plan is to file with the Internal Revenue Service within the next 30 days.
- △ Extensions have been filed for the above forms.

403(b) audit preparation

Planning is underway for the audit for the year ended December 31, 2012. The engagement letter has been received and audit fieldwork is planned for June 2013.

Internal Control

- △ Accounts Payable Improvement Status
  - Accounting Department Workflow Change and Monitoring  
The addition of an Accounts Payable Manager has provided necessary resources to improve controls surrounding payments to vendors. Improvements include monitoring the timeliness and ensuring accuracy of payments. In addition, the payments are managed so that we take advantage of any discounts offered by our vendors and/or avoid any late payment fees.
  - Validation of new vendor setup  
Improved controls around the setup of new vendors has been accomplished. All ALA staff can request the setup of a new vendor in BPP SharePoint. However before cash is disbursed, all new vendors must be approved and added to the accounting system by the Accounts Payable Manager.
  - Receipt of invoices by Accounts Payable  
A letter has been mailed to all vendors requesting that all invoices be mailed/emailed directly to our Accounts Payable Department. We are mailing second requests where we continue to see invoices that are not directed to the attention of the Accounts Payable Department.
  - Internal Review  
Over the next three months staff will be conducting an Internal Review. This self assessment will be conducted by pulling a sample of cash disbursements over a period of time and examining the underlying documentation to test for certain attributes such as:
    - Timeliness of payment
    - Accuracy of coding
    - Attachment of supporting documentation
    - Appropriate and required approvals

- △ Accounts Payable Improvement Status (cont'd)
  - Internal Review (cont'd)
 

The results of the Internal Review will be compiled and shared with Accounts Payable staff and others in order to identify areas where improvements are needed.
  
- △ MS Dynamics GP Rights and Permissions
 

We have added personnel and shifted responsibilities to provide for optimal segregation of duties. The rights and permissions are currently under review so that there is no overlap or access into areas of the accounting system that is not intended.

#### Change Management Policy

Finance personnel have been working with ITTS personnel to develop and implement a Change Management Policy that fits ALA.

ALA's ITTS Director has identified a software package that will assist with the Change Management. Due to limited resources the software is budgeted for purchase during fiscal year 2014. In the interim, we will continue to work toward the identification of opportunities where elements of the Change Management policy can be incorporated into our current business practices with our existing resources.

#### Bill Payment Process (BPP) SharePoint

- △ BPP SharePoint
 

Training was offered to all ALA staff in February and March 2013. Eleven training sessions were held with 60 attendees.
- △ A Phase I upgrade was made to BPP SharePoint in March 2013 to address concerns raised by ALA staff, to introduce greater uniformity into the bill-paying procedures and to improve controls over cash disbursements. Some of the improvements made were:
  - Email notifications were repaired.
  - Population of key data in system: check number and check date.
  - Preventive controls added to system to provide for a more efficient workflow.
  - Introduction of more confirmation pop-up messages.
  - Change in approval requirements for Expenditure Authorizations.
- △ We are currently under discussions with our IT consultants regarding a Phase II upgrade. Some of the key areas of focus are:
  - Processing bulk payments
  - Setting up satellite offices with access to BPP SharePoint
  - Setting up remote access to BPP SharePoint

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