



**ILLINOIS HEARTLAND LIBRARY SYSTEM  
FINANCE COMMITTEE MEETING**

Friday, January 25, 2015

**Call to Order:**

Nancy Huntley called the meeting to order at 9:30 a.m.

Committee Members Present: Nancy Huntley, Chair, James Fenton, Rachel Fuller, Susan Mendelsohn, Sandra West

Others Present: James Matthews, Leslie Bednar, Adrienne Elam, Kimberly Townsend, Mitchell R. Schluter (CPA-Martin, Hood, Friese & Associates, LLC)

**Minutes:**

Sandra West moved to approve the September minutes. Rachael Fuller seconded the motion. Motion passed unanimously by roll call vote.

**Public Comment:**

None

**Auditor Review - Preliminary Audit:** Mitchell R. Schluter, CPA

Mr. Schluter reviewed the preliminary report referred to as Attachment B.

Auditors report – although this is a preliminary report, they expect no change to the final report. Mr. Schluter highlighted the following sections of the FY2014 audit:

- Financial Statements on page 2
- Financial Statement on page 15. The prepaid increase was due to e-Resources. Unearned revenue increase due to Growing Resource Sharing Grant and fund.
- Exhibit page 16
- Report in note 1N on page 37 shows a gain on disposable fixed assets.

***Technical difficulties on call paused at 9:45 am (call was lost). Regained access to call, continued call.***

- Exhibit C & D on page 17 & 19
- Exhibit D p. 19 note the new line item 'Prior Period Adjustments'.
- Note 15 resulted from cleanup work from grants.
- On page 27 are similar schedules to last year, the Proprietary Fund, and adjustments in footnote on page 47 note 15. Supplementary schedule follows.
- page 47 Prior Period adjustment note 15.
- Supporting schedules on pages 49-62 with budget and comparisons.
- Federal Financial Assistant Report page 1 & 2. This report covers material weaknesses included in internal controls and lower levels of significant deficiencies.



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- Pages 3 – 5 include federal grant compliance report.
- Pages 1 & 2 – Internal control money deficiencies are shown here. Results of test show no instances of non-compliance even with deficiencies. Three deficiencies were discovered, with no auditor opinions expressed. Management has included a response with regards to the findings.
- Page 4 – 2<sup>nd</sup> letter – auditors give an opinion on each major federal program. Compliant findings are referenced later in the report.
- Page 5 -Report on Federal reward is included here.
- Page 6 – States amount of federal money passed through the year.
- Page 7 – this is a summary of items related to and effects on how programs are determined and how money is awarded. Since IHLS receives money from one location this is not practical for us.
- Page 8 – 10, internal review. Shows where items were cleaned up, and also any deficiencies that currently exist. 2014-002 indicates where some audit adjustments were made. 2014-003 – this section is new in the current year. Control testing that discloses any weakness.
- Page 11 – finding related to specific federal money received.
- Page 12 – status of prior year findings, refer to last year’s 003 similar to 004 this year.
- Management Memo – includes items not considered significant enough to include as findings of material weaknesses. These are areas to strengthen internal controls. This section includes auditor’s suggestions. Some items are repeated from last year. Some items may already be corrected since we were reporting on findings as of end date June 30 2014.
- Post Governance Letter – bolded areas are the standards by the state that we need to respond to. What is contained in the bolded section could be the same or different from last year.
  - Qualitative Aspects of Accounting Practices – second bullet can change – regarding collectables. No specific footnotes. Similar to last year. Clear and consistent no explanation is needed.
  - Difficulties Encountered in Performing the Audit – disclosed how engagement went.
  - Corrected and Uncorrected Misstatements – focus on material weakness findings. We attached report to this letter with references here.
  - Disagreements with Management – listed here, not included in the audit. This letter is not disclosed on the data clearing hours or in the financial statement. This is just for the board of directors. A few immaterial adjustments were found. Significant adjustments are listed on the last page.

Nancy Huntley advised the committee that If there are questions please email Nancy or Leslie and your questions will be submitted to the auditors for response. Auditors will have final report by board meeting.

Mr. Schluter left the meeting.

### *Feedback on Audit review:*

Jim Fenton had a question regarding page 30 of notes: primary government funding states that state does not appoint anyone on this committee. The primary government is IHLS, who does not appoint. This will be submitted to auditors, auditor to define and will be explained next week.

Leslie Bednar – we will recap and take questions and answer to put with the board packet. Auditors will be available to answer questions at the board meeting.

Rachel Fuller – requested that the board receive information at board meeting on measures taken to correct items detailed in the report and how items were resolved.

#### **Unfinished Business:**

None

#### **Bill Payments**

Questions - Answers:

- Check #15283 - first page of attach C. – this was a replacement.
- Check #15307 – Wellness program allows employees attending exercise facilities six times in a 30 day period \$50 per person. This is a one-time benefit per person.
- Check #15320 – 4 laptops – replacements of old laptops (will follow up with Troy in IT, One-CMC fund, 3 General fund).
- Check #15395 – Wellness program
- Check #15407 – \$96,000.00 (Dream Grant) will this be reimbursed by the grant.
- Check #15319 -- Abila Financial Software training in November consultant fee. Number of staff trained – 2. Included in the cost – training, fee for software, system set up both locally and remotely.
- Check #15298 – Catalogers attending Online Audiovisual Catalogers (OLAC) conference.
- Check #15303 (reimbursement) – employee traveled by train others traveled by car. Meals etc. transportation and meals. Will submit a financial list spending and location.
- Check #15428– Additional accounting support staff (this is final check) provided in November help to prepare for audit. Completed over 500 general entries to provide trial balances.
- Legal Fees from Lowenbaum - for personnel related matters. Includes charges he has assessed us. We reached verbal agreement in August 2014, however without final signed agreement attorney still maintains contact with opposing parties' council.

Sandy West moved to approve the bills. Jim Fenton seconded the motion. Motion passed unanimously by a roll call vote.

#### **Other:**

None

#### **Public Comments:**

None

#### **Adjourn:**



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Nancy Huntley moved to adjourn the meeting. Jim Fenton seconded the motion. The motion passed unanimously with a roll call vote. The meeting adjourned at 10:42 am.

DRAFT