

To: Ara Anderson
Executive Board
Executive Secretary
Wyoming Library Association Membership

From: Financial Audit Committee
Carol Collier, Chair
Bobbi Thorpe
Janet Williams

Date: May 29, 2007

Subject: Financial Audit Committee Report, Calendar Year 2006

The Financial Audit Committee conducted its audit of the financial records of the Wyoming Library Association on April 23 and May 4, 2007. The audit covered the period January 1, 2006-December 31, 2006.

The audit had as its primary purpose the verification that WLA funds were as reported in the ledgers of the Association. No efforts were made to verify the validity or accuracy of income or expenditure journals. The audit verifies only that the assets shown in the December 31, 2006 Financial Statement have been verified against bank and investment account statements and discrepancies have been reconciled.

As a result of this year's audit, the Committee makes the following corrections, comments, and recommendations to the Executive Board and the Executive Secretary:

Corrections:

1. Check #3066 is recorded on the WLA books on 01/03/2007. This check was actually dated 12/04/2006 and cleared the bank on 12/27/2006. The books need to be corrected to reflect the correct issue date.
2. The December 31, 2006 bank statement shows two debits dated 12/11/2006 (\$15.00 & \$4.00 = \$19.00) which are not entered on the WLA books. Entries need to be made on the books to record these bank charges.

Comments and recommendations:

1. 2006 is the first year that WLA transactions have been recorded using QuickBooks. The Committee is concerned and dismayed that practices which were problematic under the former system have been carried over into QuickBooks. Checks continue to be written out of order. Checks continue to be recorded on incorrect dates.

2. In trying to locate discrepancies in balancing the WLA books against the year end bank balance, the Committee looked at the entire year's checking account transactions as recorded on QuickBooks. We found it difficult to determine what the correct opening balance (1/1/2006) was due to a number of mysterious, and to us meaningless, January 1 entries. We finally determined that the entry labeled "Opening Bal Equity" was correct in the amount of \$10,119.24.
3. The method of recording deposits on the WLA books creates a nightmare for trying to reconcile deposits on the books with actual bank deposits. We strongly urge that the QuickBooks Undeposited Funds Account feature be employed. This would allow monies to be recorded in the accounts as they come in, while also allowing them to be included in the composite total of actual deposits.
4. Voided (or not really voided) checks continue to bedevil the Committee. Check 2896 was indicated as voided in a handwritten notation on our copy of the 2005 check register, yet was actually issued and cleared the bank in 2006. Checks 2948 (once), 3007 (twice), 3008 (twice), 3009 (once), and 3066 (twice) were recorded as voided and then actually issued.
5. As of 12/31/2006 there were still 2 outstanding checks written in 2005 (2915 for \$357.50 and 2938 for \$15.00). These checks have been uncleared for over a year and should be voided in the check register if they have not yet cleared as of this report date.
6. The checking account balance was consistently quite high (\$18,000 or over) throughout most of 2006. The Executive Board might consider options for depositing some of this money in accounts which would earn higher returns than the bank's interest rate.

As adjusted and reported in the following financial review, the Association has \$116,102.48 in assets as of December 31, 2006.

The Financial Audit Committee thanks Laura Grott for her assistance in preparing the Association records for the annual audit.