

Girl Scouts of Western Ohio
4930 Cornell Road
Cincinnati, OH 45242-1804
513-489-1025 or 1-800-537-6241
Fax: 513-489-1417
www.girlscoutsofwesternohio.org

Date: January 15, 2009
To: Board of Directors
From: Jan von der Embse, Audit Committee Chair
Subject: Direct Inspection Report

Attached is the report of the direct inspection of our financial policies, carried out by the Audit Committee on December 4, 2008. The members of the Audit Committee who participated in the direct inspection have confidence in the policies that we reviewed in depth with staff members. At the January board meeting, I will review our process and answer any questions.

Our Mission

*Girl Scouting builds girls of courage, confidence, and character,
who make the world a better place.*



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Direct Inspection Report December 4, 2008

The Direct Inspection Meeting took place on Thursday, December 4, 2008 at the Girl Scouts of Western Ohio's office. The members of the committee were Jan von der Embse, Dale Goldberg and Lynne LaMacchia. We met with Linda Odenbeck and Roni Luckenbill.

During the Direct Inspection, the committee chose several policies to review with respect to Financial Planning/Budgeting Financial Conditions and Activities and Asset Protection. We reviewed the back up information provided to ensure that the policies were in compliance. In addition the committee, made up of audit committee members, reviewed some of the operational controls in order to determine that proper safeguards were in place to ensure the integrity of the financial information being generated.

The first area we reviewed was cash disbursements. The Dayton and Cincinnati office's disbursements have been paid through the Cincinnati office from the beginning of the year. As of May 1, 2008 all cash disbursements are handled out of the Cincinnati office. We discussed the process with Linda Odenbeck and Roni Luckenbill. In addition to verifying that a written procedure existed with extensive controls we reviewed a weekly cash disbursement cycle. We were informed by Linda that the new software allows individuals from different offices to review their budget against their expenditures which will provide for another level of checks and balances.

We asked about the credit card policy for the different employees and the safeguards in place. The credit cards are corporate credit cards that are in the name of the employees. All employee credit limits are \$2,000 excluding the rangers at \$5,000. All expenses that are put on the card are to be business and pre-approved. The organization carries a theft insurance policy that would cover any employee theft related to abuse of these cards.

We inquired the procedure in place for mileage reimbursement. The travel logs requires the individual to state the purpose and place of the meeting along with the miles driven. Currently, the organization is using a mileage rate lower than the IRS.

We reviewed monthly bank reconciliation and the controls. In addition, we reviewed cash disbursement to date for purchases over \$25,000. The policy in place requires competitive bids. We reviewed documentation on two such purchases to ensure that this policy was being followed. It was recommended that, on occasions where additional bids were not feasible, that it should be documented in the file.

Lastly, we reviewed the investment accounts and policies to determine if the policies were in place. The Investment Committee meets at least twice a year with the current money managers. It was explained that some of the current investments are slightly out of compliance due to the current decrease in the market. The investment committee has given the money managers direction to get back into compliance but without a knee jerk response.

Overall, the Direct Inspection Task Group feels as though the financial controls that are in place at the Girl Scouts of Western Ohio are excellent. Our recommendation to the audit committee is that we can rely on the financial information being generated for the audit.