

MEMO

Attachment C



Date: September 12, 2014
To: Board of Directors
From: Sue Matz, Direct Inspection Task Group Chair
Subject: Direct Inspection Task Group Report – Policies 2.5, 2.6, 2.7

The Direct Inspection Task Group for Policies 2.5, 2.6, and 2.7 met on Thursday, August 7, 2014 at the Girl Scouts of Western Ohio's administrative office in Cincinnati. The members of the task group are Sue Matz, Chair, Jeanne Bernish, and Iris Juergens. Roni Luckenbill, CEO, and Linda Odenbeck, Finance Director, met with the task group.

Following a brief review of the charges, the Direct Inspection Task Group reviewed the following policies:

- 2.5: Financial Conditions and Activities
- 2.6: Asset Protection
- 2.7: Ends Focus of Grants and Contracts

2.5: Financial Conditions and Activities

The 2013 audit was used extensively throughout the review of this policy. The fund balances were confirmed and discussed, as was the manner in which resources are allocated in the 2014 budget.

The payroll process was reviewed and discussion focused on the written procedures and documentation. The task group was comfortable with the level of detail provided and found no evidence of untimely payroll obligations.

The whistleblower policy was discussed. There have been no reports since the last review.

The competitive bid process was reviewed and discussed. A sample of purchases was provided which showed evidence that three competitive bids are provided for all purchases over \$2,500, well above the minimum standard of \$10,000. A discussion took place about what happens in an emergency situation, in which immediate attention is needed. The task group found no concerns with this process.

In the discussion about tax payments it was noted that all payroll tax filings are the responsibility of the outside payroll processor. This will be noted in future monitoring reports.

Accounts receivable processes were reviewed and it was noted that our collection of outstanding cookie money is lower than typical business standards. Girl Scouts of Western Ohio contracts with a collection agency to handle difficult accounts and to follow up when in-house efforts have not been successful. Legal action is taken for past due accounts over \$2,500. Further definition of this activity will be provided in future monitoring reports.

2.6: Asset Protection

The task group reviewed the insurance policy and coverage. It was noted that the insurance agent regularly visits the council properties and adjusts insurance coverage based on his review. Bids are received on insurance premiums on a regular basis. The property portfolio and fixed asset schedule were discussed and tied back to the capital budget.

Risk management policies were discussed. The task group was satisfied that there are sufficient controls in place to minimize risk. This includes the protection of data and access to confidential council data and documents.

The investment manager documents were reviewed and the task group was satisfied that the documents include evidence that investments are being managed according to the council's investment policy statement. Short-term investment management was also discussed.

2.7: Ends Focus of Grants, Commitments, or Contracts

The council's grant schedule was reviewed and each grant's focus area noted. There were no concerns expressed regarding this policy.

Summary:

The Direct Inspection Task Group was confident that detailed documentation was provided and systems are in place for protection of our financial and property assets. It appears that processes are standardized and are being followed and that work is ongoing to ensure that policies and procedures are consistently being implemented across the council. Overall the task group believes that the council is well-managed and finances and assets protection are under close internal controls. We were pleased with the processes and documents that we reviewed.