



Global Headquarters  
331 S Patrick St  
Alexandria, VA 22314 USA  
1-703-647-4900  
Fax: 1-703-647-4901  
www.sla.org

**TO:** Board of Directors  
**FROM:** Finance Committee  
**DATE:** 31 August 2007  
**RE:** 2006 Audit Report and Management Letter

**RECOMMENDATION:** The Finance Committee recommends that the Board of Directors receive the Annual Audit Report and Management Letter for the period ended December 31, 2006.

A Management Letter is issued to the Board of Directors with the independent audit report. The Management Letter includes suggestions for improvements with regard to internal management and record keeping.

### **SLA Response to Management Letter**

#### **PRIOR YEAR COMMENTS for Review** – comments made in the 2005 Management Letter

Delay in Recording Transactions and Reconciling Accounts - Completed – Staff record transactions and reconcile accounts on a monthly basis and distribute reports to Board of Directors, Finance Committee, and staff in a timely fashion.

Reconcile Revenue with Database – Reconciliation with the membership database occurs monthly. The previous database did not have the capacity to reconcile at year-end. The new AMS will allow us to reconcile membership revenue and counts monthly and yearly regardless of month/year of query.

Update Accounting Policies and Procedures Manual – Completed in 2006.

Review of Outstanding Checks/Escheat Laws – Staff inquired about VA law with regards to unclaimed property/checks. This item was informational.

#### **CURRENT YEAR COMMENTS** – comments made in the 2006 Management Letter

Unit Activity Not Presented in Financial Statements – Ongoing – Staff meeting with several banks to set-up banking services for units and also working with Finance Committee (and ultimately the Board of Directors) on governance changes to ensure compliance with IRS codes and filing requirements with respect to unit finances. These polices will begin to establish controls that address exposure and minimize such risks including some oversight of cash accounts through on-line access and formal “service” agreements with the Units that defines their roles and responsibilities and provides limitations as to its legal rights.

Bank Reconciliations – Completed – Staff reconcile all statements (bank, investments, credit cards, etc.) prior to producing monthly financial statements for the Board of Directors, Finance Committee, and staff.