

COMMITTEE NOTES

Finance & Audit Committee Meeting Kansas City Public Library Board of Trustees August 23, 2011

The Finance and Audit Committee of the Board of Trustees of the Kansas City Public Library, pursuant to official notification, met Tuesday, August 23, 2011, at 3:30 p.m. at the Central Library, 14 West 10th Street, Kansas City, Missouri.

MEMBERS PRESENT: David Mayta (Chair)
Joan Caulfield
Claudia Oñate Greim
Jonathan Kemper (ex officio)

MEMBERS ABSENT: Olivia Dorsey

OTHER TRUSTEES PRESENT: Rose Marie Bell
Fran Daniel
Leon Dixon
Billie Howard Barnes

STAFF PRESENT: Crosby Kemper III, Chief Executive
Claudia Baker, Director of Development
Reed Beebe, Purchasing Manager
Lillie Brack, Central Library Director
Dorothy Elliott, Deputy Executive Director for Branch and
Outreach Services
Henry Fortunato, Director of Public Affairs and
Communication
Kathleen Hinton, Finance Manager
Pam Kannady, Human Resources Director
Cheptoo Kositany-Buckner, Deputy Director
Heather Pedersen, Administrative Officer
Debbie Siragusa, Chief Financial Officer

OTHERS PRESENT: Angela Miratsky

Mayta called the meeting to order at 3:32 p.m.

Siragusa introduced Angela Miratsky of BKD, LLP to discuss the scope and results of the Comprehensive Annual Financial Report (CAFR) for fiscal year 2010 – 2011. Miratsky thanked Siragusa and the Finance Department, noting that the auditors were provided with everything that they requested in a timely manner.

The auditors recommended several relatively minor adjustments to the financial statements as a result of the audit, including a decrease in the E-Rate receivable and an

increase in expenses due to materials purchases late in the fiscal year which had not cleared the system prior to closing the books.

The auditors assisted management with the adoption of the GASB Statement No. 54 accounting standards, which changed the definition of some funds and the classification of the fund balances being used by governments.

The auditors found minor deficiencies in the Library's new hire documentation and adherence to liability cut-off procedures and recommended that the Library implement procedures to correct these deficiencies.

The auditors found a deficiency in the Library's segregation of accounting duties. However, the auditors noted that this is a difficult deficiency to correct in a small organization, and the auditors noted that compensating controls have been instituted that reduce the risk of misstatement to an inconsequential level.

The auditors recommended the creation of an anonymous fraud hotline. Siragusa stated that a proposed "whistler blower" policy was next on the agenda for discussion and possible recommendation to the Library's Board of Trustees at a future meeting.

Discussing the Comprehensive Annual Financial Report (CAFR) J. Kemper suggested that the Library review the common area maintenance for the Plaza Branch to ensure that the Library is paying an appropriate amount based on actual maintenance costs.

Discussing the proposed "Suspected Misconduct, Dishonesty, Fraud and Whistleblower Protection Policy" (LBM 3674), Siragusa reported that the issues regarding sovereign immunity that were raised when this proposed policy was brought before the Finance and Audit Committee in September 2010 have been resolved. Siragusa added that a change was made to the proposed policy sent to the Board. Language referring to misconduct was removed from the policy as issues relating to misconduct are generally covered by the Library's personnel policies.

J. Kemper recommended that the wording of the policy be refined to make it clear that individuals reporting under the policy cannot be retaliated against for the act of filing an anonymous report.

Motion by Caulfield to refer to the Board of Trustees the recommendation of the Finance and Audit Committee and the Chief Executive to adopt the proposed Suspected Misconduct, Dishonesty, Fraud and Whistleblower Protection Policy as amended at a future date. Second by Daniel. Approved unanimously.

Motion by Caulfield to adjourn the meeting. Second by Oñate Greim. Approved unanimously.

The meeting adjourned at 4:24 p.m.

Respectfully submitted,

David Mayta, Chair
Finance and Audit Committee

Date