Arkansas Library Association
Executive Board Meeting
Friday, December 11, 2015 (10:00am)
Laman Library, North Little Rock

The meeting was called to order by President-elect, Judy Calhoun (President, Jud Copeland was unable to attend) at 10:02.

Members present: Judy Calhoun, President elect; Cathy Toney, Secretary/treasurer; Lynda Hampel, Executive Administrator, Lacy Wolfe, ALA councilor, Lori Bush, ArASL chairman, Shawn Manis, ALPS chair; Lacy Wolfe, College and Universities; College and University, Lacy Wolfe; Dwain Gordon, Special Libraries and Future Conference Site; Frances Hager, Government Documents; Carol Coffey, Information Technology; Sloan Powell, Awards chair; Ashley Parker Graves, Emerging Leader; Freddy Hudson, Intellectual Freedom; Heather Hayes, Journal Associate Editor; Amber Gregory, Legislative chair; Rebecca Rasnic, Marketing chair; Carol Hanan, Membership/New Members chair; Cassandra Barnett, Public Relations; Britt Murphy, AR Libraries Managing Editor.
Visitors: David Eckert, Debbie Hall, Philippe Van Houtte, Anna Bates, Jerrie Townsend, Janice Weddle, Lisa Holiman, John Paul Myrick, Mindy Hodges, John McGraw, Hadi Dudley and Rebecka Virden, Johnice Dominick

Motion made to approve the October 3 executive board minutes by Ashley Burris; 2nd by Carol Coffey; motion passed

President and ALA Councilor reports were sent through email to all executive board
Motion made by Frances Hager to approve budget; 2nd by Shawn Manis; motion passed.

There is $32, 161.19 in the bank.

Unfinished business:
Audit Report:
Phyllis Burkett, chair; committee members are Mindy Hodges and Erin Waller

(Copy of Report)

DECEMBER 11, 2015

TO: 2015 EXECUTIVE BOARD AND 2016 EXECUTIVE BOARD OF THE ARKANSAS LIBRARY ASSOCIATION

FROM: AUDIT COMMITTEE APPOINTED BY THE 2016 PRESIDENT OF THE ASSOCIATION JUDY CALHOUN

IN OCTOBER 2015 FOLLOWING THE ARKANSAS LIBRARY ASSOCIATION (ArLA) ANNUAL GENERAL MEETING 2016 PRESIDENT, JUDY CALHOUN, APPOINTED A THREE PERSON COMMITTEE TO CONDUCT THE. ANNUAL AUDIT AS PROVIDED IN ARTICLE VIII OF THE ASSOCIATION CONSTITUTION. THERE WAS NO RECORD OF THIS COMMITTEE IN THE ASSOCIATION'S PROCDURE MANUAL AND NO RECORD THAT THE COMMITTEE HAD MET OR TURNED IN A REPORT DURING THE LAST THREE ADMINISTRATIONS. MS. CALHOUN SERVED AS AN EX OFFICIO MEMBER OF THE COMMITTEE AND ATTENDED THE THREE

MEETINGS OF THE COMMITTEE AND WAS COPIED ON ALL EMAILS EXCHANGED BY THE COMMITTEE. MS. CALHOUN RELAYED THE REQUEST OF FILES AND INFORMATION TO THE EXECUTIVE DIRECTOR OF THE ASSOCIATION, LYNDA HAMPEL.

MS. CALHOUN APPOINTED PHYLLIS BURKETT, 40 year MEMBER OF THE ASSOCIATION AND RETIRED LIBRARY DIRECTOR OF THE PUBLIC LIBRARY IN JONESBORO, MINDY HODGES, CHIEF FINANCIAL OFFICER OF THE ARKANSAS STATE LIBRARY-MEMBER OF THE ASSOCIATION, AND ERIN WALLER, DIRECTOR OF THE SALINE COUNTY LIBRARY, 10 YEARS AND MEMBER OF THE ASSOCIATION TO SERVE AS THE AUDIT COMMITTEE. THE OVERALL REPORT IS THE RESPONSIBILITY OF MS. BURKETT WHO AGREED TO SERVE AS CHAIR OF THE COMMITTEE AND THE REPORTS OF THE MEMBERS ARE INCLUDED.

ALL MEMBERS OF THE COMMITTEE HAVE SIGNIFICANT EXPERIENCE IN PREPARING ANNUAL FINANCIAL RECORDS AND STATEMENTS FOR LEGISLATIVE AUDIT, A DIVISION OF STATE GOVERNMENT, BUT NONE OF US ARE QUALIFIED TO JUDGE THE ASSOCIATION'S EXPENDITURES FOR FRAUD, NOR IS THAT THE INTENT OF THE CONSTITUTIONAL REQUIREMENT FOR AN AUDIT COMMITTEE. THE COMMITTEE HAS NO REASON TO CALL FOR FURTHER EXAMINATION OF THE RECORDS OF THE ASSOCIATION BY A CERTIFIED PUBLIC ACCOUNTANT.

MS. BURKETT REVIEWED THE INCOME STATEMENTS OF THE ASSOCIATION AND REQUESTED AND RECEIVED INCOME AND EXPENDITURE BUDGET COMPARISION FOR THE YEARS 2011,'12, '13, '14, AND YEAR TO DATE 2015. SHE ALSO REQUESTED MEMBERSHIP DATA FOR THE SAME PERIOD. MS. HODGES REVIEWED EXPENDITURE REPORTS FOR 2014 AND '15 AND HAS PREPARED A SPREAD SHEET INCLUDED IN THIS REPORT. MS. WALLER REVIEWED THE CONSTITUION AND POLICY AND PROCEDURE MANUAL REVISED 2014. IT HAS BEEN THE EXPERIENCE OF THE MEMBERS OF THE AUDIT COMMITTEE THAT THE MOST SIGNIFICANT INFORMATION NEEDED FOR BEST PRACTICES IN FINANCIAL AFFAIRS OF ANY ORGANIZATION IS IN THE MANAGEMENT REPORT. OF COURSE, THE FIRST THING ANY MANAGER OF FINANCIAL AFFAIRS WANTS TO SEE IS THAT THE ORGANIZATION IS IN GOOD FINANCIAL CONDITION. ***THE COMMITTEE REGRETS TO REPORT THAT THE ASSOCIATION IS NOT IN A GOOD FINANCIAL SITUATION****.*

THE ASSOCIATION UNDER BUDGETED EXPENSES FOR THE 2015 ANNUAL CONFERENCE AND THE CONFERENCE LOST APPROXIMATELY $49,000. THERE IS AN OUTSTANDING BILL OF OVER $13,000 OWED TO THE MARRIOTT HOTEL FOR A CONTRACT COMMITTING THE ASSOCIATION TO FILL 300 ROOMS AT THE 2015 CONFERENCE. OTHER CONTRACTS TO THE LITTLE ROCK CONVENTION CENTER WERE NEGOTIATED BY THE 2015 PRESIDENT AND CONFERENCE CHAIR BUT WITHOUT INPUT FROM THE EXECUTIVE DIRECTOR. IN THE INFORMATION PROVIDED TO THE AUDIT COMMITTEE AND REPORTS GIVEN TO THE EXECUTIVE BOARD THERE IS A LACK OF BUDGET INFORMATION AND REALISTIC EXPECTATIONS OF INCOME AND EXPENSE. SUCH INFORMATION MAY EXIST BUT DOCUMENTATION IS LACKING.

WHILE CONFERENCE EXPENSE WAS AT THE FORE FRONT OF THE COMMITTEE'S CONCERNS, BECAUSE IT WAS APPARENT FROM THE BEGINNING THAT A COMMITMENT OF $30,000 FOR ONE SPEAKER WAS GOING TO BE A DIFFICULT COST TO OVERCOME WITH ONLY CONFERENCE REGISTATIONS AND LATER A DONATION OF $5000. THIS PARTICULAR COMMITMENT AND PAYMENTS WHICH BEGAN BEFORE A 2015 BUDGET WAS ADOPTED WERE ONLY THE BEGINNING OF ACTIVITIES WHICH LACKED BOARD OR EXECUTIVE COMMITTEE APPROVAL. WHILE POLICIES REQUIRED TWO SIGNATURES, THE EXECUTIVE DIRECTOR AND PRESIDENT, THEY ALSO REQUIRED AT A MINIMUM EXECUTIVE COMMITTEE APPROVAL WHICH SHOULD THEN HAVE BEEN REPORTED AND RATIFIED BY THE EXECUTIVE BOARD. THE EXECUTIVE DIRECTOR RECOGNIZED THAT APPROPRIATE APPROVAL HAD NOT BEEN GIVEN BUT SIGNED CHECKS. THE EXECUTIVE DIRECTOR LACKED CLEAR GUIDELINES ON HOW TO CHALLENGE AN OFFICER OR MEMBER OF THE BOARD WHO WANTED TO SPEND MONEY OR TAKE OTHER ACTIONS OR MAKE COMMITMENTS ON BEHALF OF THE ASSOCIATION.

IT SHOULD BE CLEARLY UNDERSTOOD THAT NO OFFICER, DIVISION CHAIR, OR COMMITTEE CHAIR CAN OBLIGATE THE ASSOCIATION TO ANY CONTRACT OR EXPENDITURE WITHOUT BOARD APPROVAL.

ONE OTHER EXAMPLE WHICH SHOULD BE NOTED IS THE SCHOLARSHIP FUND. THE SCHOLARSHIP FUND HAS ALWAYS BEEN A SEGREGATED FUND. FOR SEVERAL YEARS THE SCHOLARSHIP FUND HAS BEEN SEGREGATED FROM OTHER ASSOCIATION FUNDS IN A CERTIFICATE OF DEPOSIT. APPARENTLY THE BOARD DECIDED TO CASH IN THE CD WHEN IT MATURED IN 2015 AT A BALANCE OF $34,000 AND PLACE IT IN A SAVINGS ACCOUNT. THIS WAS NOT DONE. SCHOLARSHIP MONEY WAS PLACED IN THE GENERAL OPERATING FUND AND APPARENTLY USED FOR CASH FLOW PURPOSES DURING THE LAST SIX MONTHS OF THIS CALENDAR YEAR. THE ASSOCIATION STILL HAS APPROXIMATELY $30,000 IN CERTIFICATES OF DEPOSIT. AS SOON AS POSSIBLE $34,000 SHOULD BE DIRECTED TO A SEPARATE ACCOUNT FOR SCHOLARSHIP. THE SCHOLARSHIP COMMITTEE SHOULD STUDY THE CONDITIONS AND RECOMMEND AN ENDOWMENT TRUST BE WRITTEN AND RECORDED IN ORDER TO INSURE THE INTEGRITY OF THESE DONATED FUNDS.

THE MINUTES OF THE ASSOCIATION AND EXECUTIVE BOARD ARE NOT JUST REMINDERS OF WHAT HAPPENED PREVIOUSLY, OR TO BRING SOMEONE UP TO SPEED WHO MISSED A MEETING. THEY ARE THE HISTORY OF THE ASSOCIATION AND THE REPORT WE GIVE TO MEMBERS ABOUT THE ACTIONS TAKEN ON THEIR BEHALF. WHILE THERE IS NO NEED TO RECORD EVERY WORD SAID, THE PRIMARY POINTS OF ANY DISCUSSION NEED TO BE RECORDED. EVERY REPORT NEEDS TO BE ATTACHED TO MINUTES. IT IS HARD TO UNDERSTAND HOW MOST OF THE BOARD MEETING MINUTES IN 2015 COULD BE TAKEN AND NOT INCLUDE FINANCIAL REPORTS OR TREASURER'S REPORTS.

DUE TO A CASH BALANCE OF LESS THAN $30,000 TO BEGIN THE 2016 FISCAL YEAR THE AUDIT COMMITTEE FEELS THAT THE BOARD MUST CUT OR DELAY EXPENDITURES IN SEVERAL CATEGORIES.

CUT ALL TRAVEL EXCEPT THE ALA COUNCILOR DUE TO THE OBLIGATION OF REPRESENTATION AT THE AMERICAN LIBRARY ASSOCIATION AS A STATE CHAPTER

DELAY PRINT COPIES OF ARKANSAS LIBRARIES UNTIL ADVERTISING REVENUE IS RECEIVED TO CUT THE COST OF PRODUCTION IN HALF. THE CURRENT JOURNAL COSTS $23 PER MEMBER AT ITS CURRENT COST. CONTINUE TO PRODUCE THE JOURNAL AS AN ONLINE PUBLICATION.

THE ASSOCIATION IS CURRENTLY OBLIGATED TO HOTEL/CONFERENCE CENTERS FOR ALPS, SCHOOL LIBRARIAN AND MEDIA SPECIALIST MEETINGS AND THE ANNUAL GENERAL CONFERENCE. IF THE CONTRACT WITH THE ROGERS FACILITY CAN BE DELAYED A YEAR AND THE 2016 CONFERENCE RESCHEDULED FOR THE MARRIOTT THEN THE $13,000 DEBT FOR 2015 CAN BE PART OF THE AGREEMENT FOR 2016. ALL OF THESE MEETINGS MUST BE MANAGED FOR MAXIMUM ATTENDANCE AND RETURN ON COST.

MEMBERSHIP IN THE ASSOCIATION HAS BEEN DROPPING FOR THE LAST FOUR YEARS. A VIGOROUS MEMBERSHIP CAMPAIGN, ESPECIALLY RENEWALS, SHOULD BEGIN IN JANUARY. WHILE MEMBERSHIP PAYMENTS HAVE BEEN CHANGED TO A RENEWAL UPON DATE OF RECEIPT, THE CURRENT SITUATION SHOULD BE COMMUNICATED TO MEMBERS. SOME OTHER PROCEDURES TO SAVE MONEY INCLUDE CHANGING TO PAYPAL TO REDUCE THE 3 TO 4% COST OF CREDIT CARD TRANSACTIONS.

RENEGOTIATE A CONTRACT FOR ADMINISTRATIVE SERVICES TO RESTRICT COSTS AND SERVICES. THE EXECUTIVE COMMITTEE SHOULD CONDUCT A REVIEW OF PERFORMANCE WITH THE CURRENT PROVIDER OF SERICES, LYNDA HAMPEL.

THE AUDIT COMMITTEE WILL DISCUSS IN ANY DETAIL THE FINDINGS OF THIS REPORT.

THE FOLLOWING ARE POINTS MADE IN DISCUSSION OF THE MANAGEMENT DECISIONS THAT HAVE BEEN MADE AND ATTEMPTS TO RECONCILE ACTIONS TAKEN WITH THE CONSTITUTION, BYLAWS AND POLICY AND PROCEDURE MANUAL.

THE ASSOCIATION SHOULD ENGAGE IN A VIGOROUS DISCUSSION OF ITS PURPOSE AND THUS ITS ORGANIZATIONAL STRUCTURE. THE ASSOCIATION IS NEARLY 100 YEARS OLD AND HAS BEEN OPERATING WITHIN THE PARAMENTERS OF A DOCUMENT CHANGED AROUND THE EDGES WITHOUT ASKING WHAT IS NEEDED BY THE PEOPLE WHO WORK IN ALL TYPES OF LIBRARIES IN ARKANSAS. HOW CAN WE BE BETTER ADVOCATES FOR LIBRARIES IN THE 21ST CENTURY? IT SHOULD BE RECOGNIZED THAT THIS WOULD BE A PROJECT THAT WOULD NEED TO BE BROADLY BASED AND WOULD TAKE SEVERAL YEARS TO ACCOMPLISH.

THE BOARD SHOULD ENGAGE AN OUTSIDE SOURCE, FOR NO MONEY, TO ASSIST IN BOARD TRAINING AND INSURE THAT THERE IS CLEAR UNDERSTANDING OF ROLES AND RESPONSIBILITIES. THIS TRAINING HAS BEEN PART OF THE CHANGEOVER EACH YEAR IN THE PAST BUT AGAIN THE AUDIT COMMITTEE THINKS ASSUMPTIONS HAVE BEEN MADE ABOUT THE INDIVIDUAL BOARD MEMBERS KNOWLEDGE OF THEIR ROLES AND RESPONSIBILITIES. TRAINING SHOULD INCLUDE BUDGETING AND FINANCIAL REPORT UNDERSTANDING AND UNDERSTANDING OF PARLIAMENTARY PROCEDURE. ***BOARD MEMBERS SHOULD QUESTION ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE AND THE EXECUTIVE COMMITTEE SHOULD BE SURE THAT ALL ACTIONS TAKEN OUTSIDE OF BOARD MEETINGS BE FULLY DOCUMENTED AT THE NEXT BOARD MEETING.***

THE COMMITTEE CHAIR APOLOGIZES FOR ANY ERRORS OR LACK OF DOCUMENTATION IN THIS REPORT. THOSE MISTAKES ARE HERS ALONE. REMARKS OF MEMBERS OF THE COMMITTEE ARE INCLUDED AT THE END OF THIS REPORT. A SPREAD SHEET WILL BE HANDED OUT AT THE BOARD MEETING DECEMBER 11, 2015. CORRECTIONS WILL BE MADE FOLLOWING THE MEETING AND THE REPORT AND ALL ATTACHMENTS WILL BE FILED WITH THE ASSOCIATION RECORDS

Report from Mindy Hodges:
After analysis of financial standing and expenditure records, the following actions are recommended as starting points for strengthening ArLA's internal processes and external accountability:

1. Constitutional segregation of scholarship funds from other ArLA operating funds.
    a. Movement of the funds into a separate savings account as soon as cash flow permits.
    b. Investigation into endowment trust for these monies.
2. The Board should adopt a highly conservative spending approach until appropriate cash flow is reestablished and the Association is able to comfortably meet its financial obligations without using scholarship funds to supplement during shortfalls.
3. Limit the amount of checks signed by one individual to the amount that may be filed in small claims court ($5,000).
    a. This allows the association to recoup funds with minimal expense and no attorney involvement if inappropriate spending occurs by any individual on the Association's account.
4. Secretary/Treasurer should review expenses with the Executive Director frequently between Board meetings to make sure expenditures follow board actions and are appropriately documented.
    a. Appropriate financial and budget reports should be attached to the minutes of the meeting at which they were approved.
5. The Board should receive training on reading financial reports and what to look for in the determination of the health and sustainability of a non-profit association.

a. There should be a target amount of cash deemed appropriate by the Association's tax professional to have on hand to ensure proper cash flow but maintain the spirit and letter of the law in regards to the non-profit status of the Association.

6. Budgeting for the next year should be done prior to that year beginning.
   a. Total amount budgeted for the year should not be in excess of total income of the prior year without sufficient explanation and approval by the Board.

7. Use of an unbiased Parliamentarian in Board meetings is recommended to ensure meeting protocol is observed.

8. Combining the Constitution and By Laws of the Association into a clear and concise document that is easily cross referenced to the Policy and Procedure Manual will help future Board members and Executive Directors understand the rules by which they should operate.
   a. Board members should read and be responsible for understanding the Constitution and Policy Manual.

(What was said in the executive board meeting follows)

- Executive committee board did not report or have the executive board vote on the plans for the conference to spend $30, 000 for a speaker.
- Suggest that the Arkansas Libraries Journal not be printed or mailed out. Have it online for all to have access.
- Year ends when the conference is over. Officers take over then. Should have retreat in November so all members on the executive board would "hit the floor running".
- $96,000 at the beginning of 2015 now $34, 000
- Use the Scholarship fund to keep the ArlA organization maintain afloat. As funds come into the organization then money would be placed back into the scholarship fund. Phyllis suggested an endowment fund be created for the Scholarship fund.
- From the floor question was asked if there was any outstanding bills at this time. There are $6000 outstanding bills that must be paid by in December. This does not include $13,000 owed to the Marriott.
- Budget was projected more than what came in. Should have the budget the same or less than the year before not more.
- Executive committee should report out if they meet and tell what discussed.
- This audit committee was to see the holes not to blame anyone but just to understand what needs to be fixed.

Lynda Hampel had time to defend what she had to do.

- Worked with Barbara starting 2008. Worked 30 plus years as a professional. Contract was approved each year. CPA worked with the Association discuss at the income and outcome. This was since 2013.
- December, 2014 executive board meeting it was discussed that a big name person was coming to the conference. There are no minutes covering this information.

New business:

- Motion by Hadi Dudley and 2nd Ashley Burris to move Arkansas libraries editor's new business to afternoon meeting.
- Motion made by Dwain Gordon, 2nd by Amber Gregory to accept Jud Copeland resignation; motion passed.
- Dwain Gordon made motion and 2nd by Ashley Graves to have Jerrie Townsend to replace Dr. Copeland's position as past president; Motion passed

- Marriott attrition: Suggest continuing at the Marriott next year (2016 conference) and not have to pay $13, 000 as long as we can fill the rooms.
- Motion made to table the Marriott attrition discussion by Ashley Burris and 2nd by Amber Gregory; Motion passed
- Sloan Powell made the motion to adjourn and 2nd by Frances Hager; Motion passed

Meeting was adjourned at 12:27.