

MEMO# 2608

March 13, 1991

FISCAL YEAR 1990 AUDIT REPORT AND MANAGEMENT LETTER

March 13, 1991 TO: AUDIT COMMITTEE NO. 1-91 RE: Fiscal Year 1990 Audit Report and Management Letter _____ Enclosed is the independent audit report prepared by Deloitte and Touche on the Institute's 1990 fiscal year. Also enclosed is the auditor's management letter discussing some issues relating to the audit. I would like to provide you with some additional information on the issues contained in the management letter and our course of action on each.

1. Routing of Vendor Invoices to Accounting The auditors have recommended that all account payable invoices be sent to the accounting department rather than to the department for which the good or service is provided. Although we are looking into this, we do not feel it is necessary. Our present system works well and, in particular, gives the originating department the opportunity to verify the accuracy of the invoice, to indicate what expense account the invoice should be charged, and to have the charges approved by the department head before it goes to accounting for payment. The auditors have made this recommendation with the intent that it will provide more control over accounts payables and will help insure that outstanding invoices are paid on time. However, that has not been a problem with us. The Institute has an exemplary record of paying invoices on time and in the correct amount.
2. Travel Expense Reimbursements be Properly Documented We are in the process of releasing revised travel and expense policies to the staff. These policies have been written taking into account current Internal Revenue Service requirements for documentation of travel and entertainment expenses.
3. Accounting Policies and Procedures Manual One of our goals for this current fiscal year is to publish formal accounting policies and procedures. This project has been started by our Controller, and we anticipate the work will be completed by the end of this fiscal year. The published document will contain those items recommended by the auditors in the management letter as well as other policies we feel are also important. Please let me know if you have any questions on either the audit report or the management letter.

Thomas S. Simmons Vice President - Administration Enc.