



Operating Agreement Council Update

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COO Chair and Past ALA OA Working Group Co-Chairs
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Working Group recommendations to the Executive Board

1. The Executive Board accepts the OAWG final report and **presents the rewritten policy** and outline for changing internal processes and procedures to ALA Committee on Organization for their review, **continued association wide feedback, and forward to the Executive Board and Council** for final review and vote.
2. **Authorize an Implementation Task Force to develop a new budget process** that consists of ALA management including Division Executive Directors and ALA division budget leaders to outline a new budget process. This process should be developed during FY23-24 with a report to the Executive Board, Division Boards, and Council. The goal would be to implement a new process for FY25.
3. The Executive Board encourages the ALA Executive Director to **form an internal working group to revise the Operational Practices** that update and include accountability and service expectations for shared services.

[ALA Annual 2022 CD#40.1 / EBD#10.12](#)



3. Operational Practices

- Executive Director Hall has formed an internal staff group to update, modernize, and align the operational practices with the OA WG recommendations
- Issues under consideration
 - General update of the practices
 - Replace internal transfer of overhead, and consider applying that same change to Round Tables and ALA Offices using a well-defined allocation of shared services approach
 - Develop Accountability measures that review and ensure quality and service level of shared services.
 - Address and define historical Net Asset Balances of Divisions



2. Budget Process: OA Implementation TF

1. Two Division Representatives from each of the 8 Divisions (Division Executive Director + Division Treasurer)
2. BARC Chair, Karen Schneider
3. ALA Treasurer, Peter Hepburn
4. Round Table Coordinating Assembly Convenors (Charles Kratz and Mark Robison)
5. ALA Executive Director, Tracie Hall
6. Chief Financial Officer, Dina Tsourdinis
7. Budget Director, Brad Geene
8. Director Governance, Sheryl Reyes

12 Volunteer Leaders and 12 Staff

1. Changes from June So Far

- A.4.3.4.5
 - Financial, Introduction - add “current accounting principles”
 - Section D. - add “timely” to financial reports
 - Move Section B regarding Net Asset Balances within Section D
 - Section E – add “otherwise a recommendation to the ALA Council will be made for dissolution.”
- A.4.3.4.7 Personnel
 - Correct typo from hard to “head”
 - Change “convey recommendations” to “convey review” to ALA Management.



1. Question Regarding Net Asset balances

Original

A.4.3.4.6 Financial

D. Fund Balances

1. ALA Divisions build and maintain fund balances appropriate to their needs. A fund balance is defined as accumulated net revenue.
2. Divisions will not receive interest on fund balances or deferred revenue.

New

A.4.3.4.5 Financial

B. Net Asset Balances

ALA maintains a single net asset balance which represents the excess of assets over liabilities. Divisions do not build or maintain separate net asset balances.



1. Question regarding Revenues over Expenses

- A.4.3.4.5 Financial, Section D
 - Budget process within Operational Practices
 - Process to be iterative, inclusive, and accountable
 - Division Boards' responsibilities
 - Multi-year budgets
 - Planned activities including use of revenues over expenses
- A.4.3.4.11 Planning
 - Responsibility for multi-year financial plan

Next Steps

- COO continues to steward the Draft Policy
- Budget Process and Operational Practice groups continue their work and may influence final proposal
- Council reviews and votes at ALA Annual 2023

<https://operatingagreement.ala.org/>

QUESTIONS & DISCUSSION