



TO: IEEE-802 LMSC Executive Committee

FROM: IEEE Board of Directors Audit Committee

DATE: 30 January 2007

SUBJECT: Financial Best Practices Recommendations

During the course of the investigation of the anonymous letter, the Audit Committee of The Institute of Electrical and Electronics Engineers, Inc. (the "Institute") identified several best practices that it believes will further strengthen the Institute's ability to demonstrate compliance with all Federal and State law, and Generally Accepted Accounting Principles (GAAP) requirements. The Audit Committee is taking steps to ensure that these best practices are followed across the Institute, and is therefore requesting the LMSC Executive Committee's cooperation in implementing them within the LMSC. The table below outlines these best practices:

Best Practices	Suggested Resolution
Acknowledge that LMSC assets are IEEE property	Confirm your understanding that LMSC assets are IEEE property, and that the EC and the LMSC working groups, as "steward" of these assets, acknowledge their responsibility to manage them appropriately.
All bank accounts to have at least two volunteer and one IEEE staff signators	Staff Director of Financial Service as staff signator on all accounts.
Migrate to IEEE concentration banking (Wachovia)	Develop a plan and schedule to complete the migration to concentration banking by the end of 2007.
Submit all supporting financial materials for year-end audits by agreed-upon deadline	LMSC will submit outstanding 2005 data by 31 March 07. LMSC and the Audit Department will work together to determine future due dates for financial reporting.
Document use of competitive bidding in selection of suppliers, or supply rationale for non-use	All contracts submitted for execution will document the use of competitive bidding in the selection of suppliers, or supply rationale for non-use.
3 rd party bonuses must be clearly documented in the contract; otherwise they are prohibited	This best practice will be followed.
Report Conflicts of Interest regarding business matters	The IEEE Policy regarding conflicts of interest will be followed.

The Audit Committee requests that the LMSC Executive Committee provide a report of its plans to adopt these best practices by **9 February 2007**. Your responses need not be extensive, but we request that they include acknowledgement of support of the specific best practice and a plan for its implementation, if appropriate.

As the Audit Committee works to strengthen its Institute-wide financial oversight with improved accountability from IEEE constituent groups, we would like to cite the LMSC as the organization whose continuing efforts to improve its financial processes represents a model for all to follow. We look forward to working together with you in this effort.