



Watt's New

November 2009

Special points of interest:

- Philadelphia Expo
- Sound Internal Controls Series
- Executive Director's Message

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Philadelphia's Electric Expo 2009: The Good, The Bad and the (Almost!) Ugly

No, actor Clint Eastwood was not present. But we still had a very good Electric Expo 2009. The Expo was held October 7th and 8th, 2009 at the Valley Forge Convention Center, just outside of Philadelphia. And it worked out fine despite the odds. "Great Show" was the comment we heard most.

Okay, what about the good, the bad, and the ugly? The good was that attendance was strong – at about 3,000 – much like 2007. The bad

was that the number of manufacturers was down about 20%. This was unwelcome, but expected, given the recession. It was also consistent with trade shows nationwide in 2009. The (almost) ugly was that Major League Baseball scheduled two afternoon playoff games for the first time in "umpteens" years. So our Wednesday and Thursday shows started at 2 p.m., and the games featuring our own Philadelphia Phillies were first pitch at 2:27 p.m.

Despite our deep concern, our attendance was probably only down about 5% from 2007. So the "almost ugly" was not so ugly after all.

The Expo featured many new manufacturer exhibitors. We hope to have these new ones back in 2011, along with those who usually exhibit but sat out the recession year. We did sell out our floor plan, revised in August, in the teeth of the economic storm.

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Tough Times Demand Sound Internal Controls

Tough financial times are usually accompanied by increased fraud in organizations - including nonprofits. That is because two of the three components that lead to fraud: incentive/pressure, and attitude/rationalization, grow in tough economic times. The third component is perceived opportunity, and this is the area where good controls help most.

Opportunity When people believe they have the

opportunity to commit fraud and get away with it they are much more likely to do so. Strong controls, including a whistleblower protection policy that encourages people to come forward and share their concerns, will reduce opportunity and the perception of opportunity.

Incentives/Pressures

Incentives to commit fraud come from financial need, or more accurately the perception of financial need, and adverse changes in

financial circumstances increase perception of need. Loss of one family income, or the threat of house foreclosure, can be an incentive for fraud. Substance abuse and gambling can also create pressure. Unfortunately, you can't control these types of circumstances.

Attitude/Rationalization

Rationalization is what justifies fraudulent activities.

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Executive Director's Message



ILEA Executive Director Kirstie Steves

It's hard to believe the holiday season is upon us already! For the ILEA Office, this time of year represents dues renewals. In the next week, invoices will be sent to the contact of each Association/League with a deadline for renewal of January 15th.

My goal for 2010 is to provide the best value of membership possible. I encourage each of you to share your ideas on how ILEA as a whole, or specifically the ILEA Office, can better meet the needs in the new decade.

Many of you have shared kind thoughts on the new format of this newsletter, specifically commenting on the great articles submitted by the members themselves. It was noted how informative the articles are with respect to

how other Associations and Leagues are surviving these tough economic times. I know of a couple of Associations/Leagues that have had some events that I'm sure we would all like to hear about. Again, I encourage everyone to submit articles to share.

Speaking of tough economic times, over the next few issues, I will be printing, in several parts, a lengthy article on Sound Internal Controls. This was a very informative article from a quarterly newsletter I receive from a local CPA firm in my area. I thought the article contained a lot of information that may be of interest to your Association/League as well.

On another note, I am working on updating the Annual Operations Survey and Compensation Survey

so it can be completed more quickly and conveniently through the website. I hope to have them completed over the next few weeks and will send an email to the contact of each member organization with the password to log in to the surveys. I encourage each member to complete the surveys in a timely manner.

Finally, the ILEA Board of Governors will meet on January 18-19 at the Electrical Association of Chicago's office for a board meeting and to plan the 2010 conference in Kansas City. You are welcome to join us on January 18th for the conference planning session part. More information on the actual meeting, as well as hotel

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"A dedicated Electric Expo Committee that brought in manufacturers... really helped make this show a success!"

Philadelphia continued...

What really helped make this show a success?:

- Seven (7) Distributors Sponsoring 15 Attendee Buses
- Eleven (11) Distributors Hosting 45 "Money Lines" at Branch Counters
- A dedicated Electric Expo Committee that brought in manufacturers and

made many calls to distributors about the buses.

- Feel free to give me a call at 610-825-1600 x11 if you would like any additional information.

*As submitted by
Dwight Price
Electrical Association
of Philadelphia*

Sound Internal Controls, *continued...*

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You can combat this to a degree with proper hiring, regular communication of your ethical values and maintaining a strong tone at the top, which includes a culture of honesty and development of clear and well-communicated policies.

Internal Controls are beneficial in many ways such as:

- They help employees work as team players.
- They may protect the Organization and its employees from false accusations.
- They are an effective method of catching unintentional errors.
- They are required by many funding sources.
- Systems with strong internal controls can produce more reliable data.
- Good internal controls make accounting systems more efficient.
- Good internal controls help assure that assets are used according to your mission.

Things That Go Wrong in Nonprofit Organizations

To understand the value of internal controls, we must understand how things can “go wrong”. Some examples of things that can go wrong include:

- Incoming moneys can be intercepted and not deposited into the organization’s accounts. The greatest risk here is from unexpected items such as memorial donations.
- Refunds can be generated and diverted by over-paying a bill or paying it twice.
- Kick backs - a personal payment to your employee as an incentive for purchasing from any particular vendor or doing business with a specific contractor.
- Check signatures can be forged and improper payments made. Banks aren’t great about verifying signatures.
- Phony invoices can be generated and submitted for payment.
- Payroll checks can be prepared for employees who no longer work for

a company or for fictitious employees, or hours worked can be overstated.

- Fund raising events often involve cash, and while much effort goes into planning a lovely event, internal controls may not be well planned. This is inherently difficult because each event is unique. Controls need to be part of the event planning process.
- Credit cards can be used for improper charges, or credits can be improperly issued.
- Investment accounts represent high risk because they are inactive and may not be carefully reviewed. This leads to the potential risk of withdrawals of principal or of investment income.

(Continued next month)

Sound Internal Controls will be a multi-part series presented for your information in the ILEA Newsletter over the next few issues. The article was published in “Not-For-Profit Alert”, Issue 15, Fall 2009 by Heveron & Heveron, Certified Public Accountants in Rochester, NY.

Executive Director’s Message, *continued...*

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information, will be forthcoming. If you are not able to attend the meeting, please call or email either President Carrie or myself as your suggestions are important to us and would be greatly appreciated.

Kirstie Steves
ILEA Executive Director

REMINDER...

2010 Membership Dues are Due!

**Invoices will be sent out in the next week.
Payments will be due by January 15, 2010.**



International League of Electrical Associations

The ILEA Office is located in the Greater Rochester Area in New York State.

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The mission of ILEA is to promote, advance and unify the electrical industry by strengthening its representative organizations.

The International League of Electrical Associations, created in 1936, has grown to become an organization of professional electric association and electric league managers from more than thirty US and seven Canadian cities. In most cases the membership base and services offered by ILEA member organizations are consistent throughout the continent.

Generally, ILEA member organizations are supported by electric utilities and offer membership to contractors, manufacturers, distributors and manufacturer's representatives. In a few cases, the organization has a membership that is restricted solely to electric utilities.

Services offered by membership organizations often include monthly meetings, educational programs and networking opportunities. Many organizations offer discount programs for items such as health care insurance, general liability and workers compensation coverage, bonding, cellular phone, automobile rental and leasing and courier services.

To learn more about which programs and services are offered in your area, contact the closest ILEA member office, visit the ILEA web site or contact Kirstie Steves, Executive Director at the ILEA Office.

www.ileaweb.org

Calendar of Events

2010

March 31 Electri...FYI! Upstate Electrical Show
Rochester, NY
Electrical Association of Rochester

April 14-15 Upper Midwest Electrical EXPO
North Central Electrical League , Minneapolis, MN

May 3 Consulting Electrical Engineers and
Technical Forum & Trade Show
Electric Association of Chicago

2011

March/April Electrical Expo
Electrical Board of Missouri & Illinois

2012

April 18-19 **Upper Midwest Electrical Expo**
North Central Electrical League , Minneapolis, MN

To have your events listed in the newsletter and on the web site,
please email kirstie@ileaweb.org