

Local Union Finance



Internal Controls

NYSUT LOCAL FINANCIAL CONTROL CHECKLIST

Financial Controls

- Open lines of communication between President and Treasurer
- Two signatures on all checks and bank accounts
- Two officers reviewing the bank statement(s) each month
- Bank accounts reconciled monthly
- Checks and balances for those handling the funds
- Periodic written financial reports distributed to local leaders and members
- Annual audit, financial review or compilation submitted to the AFT
- Annual budget prepared and adopted
- Officer and/or Executive Committee approvals of large or unusual expenditures
- Adequate reserves available for contingencies
- Cash controls
 - Timely deposits
 - No checks payable to “cash”
 - No bank cards – ATM, debit or credit cards
 - Never pre-sign a check
 - Keep all canceled and voided checks if provided by the bank
 - Use pre-numbered checks
 - Adequate original documentation for all disbursements
- Maintain an inventory of your local’s assets; computers, file cabinets, desks, etc.
- Use a formal recordkeeping system such as a simple checkbook, Excel spreadsheet or Quickbooks

Compliance Issues

- Stipends and allowances reported to IRS
- Annual IRS Form 990-N (e-Postcard), Form 990-EZ or Form 990 filed, depending on level of gross receipts. (Do not include dues collected on behalf of NYSUT and the national affiliates when calculating your local’s gross receipts)
- Private Sector Locals Only - Service Fee members notified of their rights annually
- Private Sector Locals Only - U.S. Department of Labor, Labor-Management report filed; LM-2, LM-3 or LM-4

Per Capita Dues

- Constitutional provision for NYSUT and the national affiliate dues pass-through
- Local dues adequate to support your operations – Assess annually
- All members on payroll deduction
- Timely payment of per capita dues
- Direct deposit of members’ dues deductions each payroll into local bank account

Local Annual Budget

BOCES 1
REVENUE AND EXPENSE BUDGET
JULY 1, 20xx - JUNE 30, 20xx

<u>REVENUE ACCOUNTS</u>	<u>ADOPTED BUDGET</u>
Member Dues	\$ 52,000.00
Interest	2,000.00
Fund Raising	5,000.00
Arbitration Reimbursement	-
Miscellaneous	1,000.00
TOTAL REVENUE	\$ 60,000.00

<u>EXPENSE ACCOUNTS</u>	
Affiliation Dues	\$ 27,500.00
Supplies	2,800.00
Telephone	1,750.00
Postage	750.00
Newsletter Costs	4,000.00
Insurance	900.00
Executive Committee	4,000.00
Other Meetings	5,000.00
Officers' Expenses	4,800.00
Delegate Expenses	4,000.00
Arbitration Expenses	1,000.00
Scholarships	3,000.00
Miscellaneous Expenses	500.00
TOTAL EXPENSES	\$ 60,000.00

PROJECTED INCREASE (DECREASE) IN NET ASSETS \$ -

This budget was adopted by a board resolution at the June 20xx meeting.

Signed _____

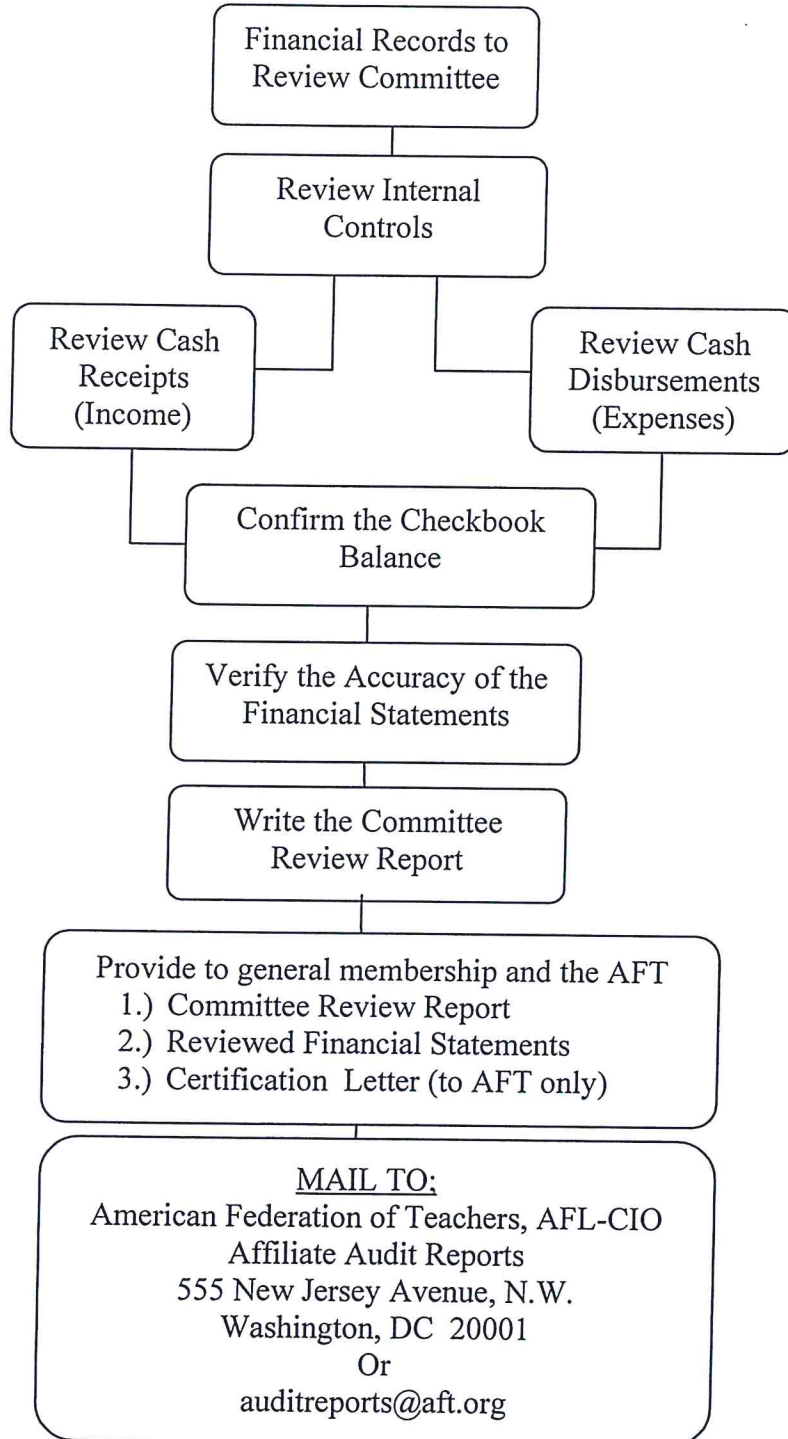
Secretary

LOCAL ANNUAL AUDIT/
REVIEW/COMPILATION

FINANCIAL REVIEW FLOWCHART

The following flowchart summarizes how an internal financial review is conducted. Refer to the *AFT Guidelines for Financial Review Committees* in Appendix 8 of the *Managing Local Union Finances* handbook for full instructions at www.nysut.org/finance

Summary of Steps to an Internal Financial Review



Appendix # 8 – AFT ANNUAL AUDIT/REVIEW

AFT ANNUAL AUDIT/REVIEW REQUIREMENT

The American Federation of Teachers adopted an affiliate audit and financial review requirement at the July 2004 AFT Convention (revised in 2018). The AFT requires all NYSUT locals to submit to the AFT annually, and within 6 months of the close of the local's fiscal year, an audit or review of its financial statements. An audit or review of the union's financial records is a valuable tool in safeguarding the union funds. It will attest to the fact that the union funds are being handled properly.

The AFT requires that every local submit an annual audit, review, internal review or compilation according to the following chart:

Number of Members in Local (excluding retirees)	Type of AFT Requirement
Less than 300 members	Independent CPA Audit <u>or</u> Independent CPA Review <u>or</u> <i>Internal Financial Review by a Committee of Local Members</i> <u>or</u> Compilation
Between 300 and 1,000 members	Independent CPA Audit <u>or</u> Independent CPA Review <u>or</u> <i>Internal Financial Review by a Committee of Local Members</i>
Between 1,000 and 2,500 members	Independent CPA Audit <u>or</u> Independent CPA Review
2,500 members or more	Independent CPA Audit

If a local performs an internal financial review by a committee of members, the committee should be comprised of three to five members of which no member should sit on the Executive Committee of the association.

Appended to the audit or review conducted by an independent CPA, an internal financial review by a committee of members or a compilation submission must be a certification letter signed by the local's principal officer and at least one other elected general officer certifying that the current internal review has been presented at a specified regular or special meeting of the local's governing body and made available to the members.

Independent audits should be conducted in accordance with generally accepted auditing standards by a CPA whose firm does not have responsibility for the local's regular bookkeeping or for preparation of its routine financial statements.

On the following pages are materials that will assist your local in conducting an internal financial review by a committee of members.

INTERNAL FINANCIAL REVIEW CHECKLIST

The following checklist will assist your local in conducting an internal financial review by a committee of members. Following this checklist are 3 documents that must be forwarded to the AFT on completion of the financial review.

The Financial Review Committee shall consist of 3 to 5 members excluding members of the local's Executive Committee.

ITEMS SUPPLIED TO THE FINANCIAL REVIEW COMMITTEE BY THE TREASURER

- Fiscal year end financial statements drawn up by the treasurer
 - Balance Sheet – (Assets and Liabilities)
 - Statement of Income and Expenditures
- Bank Statements reconciled for all accounts with canceled and voided checks
- Checkbook(s)
- All invoices, vouchers, receipts and deposit tickets
- Dues records – Both local membership records and employer list
- Minutes of governing board meetings
- Copy of local's constitution and bylaws

STEPS TO A REVIEW

1) REVIEW INTERNAL CONTROLS

- Are financial materials kept in a secure location?
- Who has access to the bank accounts? Who are the signatories?
- Two signatures on every check.
- Is the monthly bank statement(s) mailed to the officer who does not reconcile the checkbook? Example; the bank statement(s) is mailed to the president who then gives it to the treasurer to reconcile.
- Financial reports presented at governing board meetings at least quarterly.
- No ATM or debit cards. Limit use of credit cards.
- Review local constitution and bylaws to confirm that expenditures, investments and purchases comply with the local's financial rules and regulations.

2) REVIEW CASH RECEIPTS (INCOME)

- Verify that funds are deposited promptly. Compare dates on the checks received to the dates checks are deposited on the bank statement.
- Does the deposit have documentation to support the amount?
- Verify that all payroll dues receipts are deposited and show on the bank statement.
- Check the accuracy of the employer's calculation. Compare with the local's records, i.e., number of members times the dues deduction = amount of receipt.
- Are proper records maintained for members who pay dues directly to the local and not through payroll deduction?

REVIEW CASH RECEIPTS (INCOME), continued

- Trace deposits for other income, such as fundraisers, to insure proper accounting of funds.
- Was the bank interest recorded on the local's books?

3) REVIEW CASH DISBURSEMENTS (EXPENDITURES)

- Are all expenditures paid by check and authorized by the appropriate officials?
- Review canceled checks for proper payee and endorsement. Watch for alterations to checks. No checks should be payable to Cash.
- Voided checks must never be destroyed but should be clearly marked "VOID" across the face and maintained.
- Note the starting and ending check number for the period audited. Look for any missing checks.
- Does each disbursement have proper documentation in the form of an invoice, voucher or receipt?
- If a payment is large or unusual review the Minutes to look for approval by the Executive Committee or to other bodies as required by the local's constitution and bylaws.

4) CONFIRM THE BALANCE IN THE CHECKBOOK

- Confirm that the bank statement reconciles to the checkbook.
- Review other accounts such as savings accounts and other investments. Trace all receipts, withdrawals and transfers to other local accounts.

5) VERIFY THE ACCURACY OF THE FINANCIAL STATEMENTS

- Verify that the amounts reported on the treasurer's financial statement agree with the supporting records.

6) WRITE THE FINANCIAL REVIEW COMMITTEE REPORT

- The financial review report should be written on the local's letterhead showing the name and local number. (Sample report on the following pages)
- Include the dates that the review encompasses. (fiscal year)
- Were the books found to be in good order? List any deficiencies in your letter.

7) WHAT, WHEN AND WHERE DO I SEND THE FINANCIAL REVIEW COMMITTEE REPORTS?

- Copy of the Financial Review Committee Report *signed* by all committee members, shared with membership and sent to the AFT.
- Copy of the treasurer's fiscal year-end Financial Statement, shared with the membership and sent to the AFT.
- Certification Letter – Appended to the internal financial review must be a certification letter signed by the local's principal officer and at least one other elected general officer certifying that the current internal review has been presented at a specified regular or special meeting of the local's governing body and made available to the members.

Review must be completed no later than 6 months after the close of your local's fiscal year.

MAIL TO:
American Federation of Teachers, AFL-CIO
Affiliate Audit Reports
555 New Jersey Avenue, NW
Washington, DC 20001

Or
auditreports@aft.org

If you have questions, please call the AFT Financial
Services Department
800-238-1133 ext. 4493

Refer to the *AFT Guidelines for Financial Review Committees* in
Appendix # 8 of this handbook for full instructions.

On the following pages are the 3 sample documents that must be sent to the AFT on completion of your local's internal financial review.

SAMPLE FINANCIAL REVIEW REPORT

Every internal financial review must produce a financial review report on completion of the review. The following sample shows a report in which a deficiency is noted as a result of the review. This report is shared with the membership and is sent to the AFT.

SAMPLE FINANCIAL REVIEW REPORT

Date:

Local Name:

Local's AFT #:

We have examined the financial records of **(local name)** for the period **(first day of fiscal year)** through **(last day of fiscal year)**, and found them to be in good order. This examination was performed by a committee of members of **(local name)** and was not conducted in accordance with generally accepted accounting principles.

During the course of our examination, we discovered that, while there was adequate documentation maintained for all expenditures, documentation was not available for all income. This was primarily due to checks that were received that were not accompanied by letters or other documentation. In the future, if a check is received without documentation, a copy of the check will be made before the check is deposited.

Based upon our examination, we consider the attached financial statements for the period **(first day of fiscal year)**, through **(last day of fiscal year)**, to be an accurate summary of transactions conducted during that period.

Sincerely,

Name, Chair

Local Name Financial Review Committee

Name, Member

Local's Name Financial Review Committee

Name, Member

Local's Name Financial Review Committee

Substitute the **bold** entries with your local's information.

SAMPLE FINANCIAL STATEMENT

At the conclusion of the committee's review, the treasurer's now reviewed financial statement will be submitted to the AFT. The review committee will verify that the totals in each category (actual to date column) is correct. In addition, the committee will verify that the checking account balance and the balances of all other assets and liabilities are listed correctly. This statement is shared with the membership and is sent to the AFT.

BOCES 1			
FINANCIAL STATEMENT			
FOR THE TWELVE MONTHS ENDING JUNE 30, 20XX			
STATEMENT OF FINANCIAL POSITION			
Checking Account(s)		\$	1,930.00
Savings Account(s)			13,462.00
Investment(s)			15,000.00
TOTAL CASH ASSETS		\$	30,392.00
Add: Amounts Due to Local			-
Less: Accounts Payable		(-)
Amounts Due to NYSUT/AFT/NEA		(-)
Other Liabilities		(-)
NET ASSETS		\$	30,392.00
STATEMENT OF REVENUE AND EXPENSES			
REVENUE ACCOUNTS	ADOPTED BUDGET	ACTUAL TO- DATE	BUDGET REMAINING
Member Dues	\$ 52,000.00	\$ 52,700.00	\$ 700.00
Interest	2,000.00	1,050.00	(950.00)
Fund Raising	5,000.00	4,109.00	(891.00)
Arbitration Reimbursement	-	200.00	200.00
Miscellaneous	1,000.00	114.00	(886.00)
TOTAL REVENUE	\$ 60,000.00	\$ 58,173.00	\$ (1,827.00)
EXPENSE ACCOUNTS			
Affiliation Dues	\$ 27,500.00	\$ 27,840.00	\$ (340.00)
Supplies	2,800.00	2,489.00	311.00
Telephone	1,750.00	1,402.00	348.00
Postage	750.00	920.00	(170.00)
Newsletter Costs	4,000.00	3,083.00	917.00
Insurance	900.00	1,000.00	(100.00)
Executive Committee	4,000.00	3,525.00	475.00
Other Meetings	5,000.00	4,549.00	451.00
Officers' Expenses	4,800.00	4,800.00	-
Delegate Expense	4,000.00	3,565.00	435.00
Arbitration Expenses	1,000.00	1,716.00	(716.00)
Scholarships	3,000.00	3,000.00	-
Miscellaneous Expenses	500.00	378.00	122.00
TOTAL EXPENSES	\$ 60,000.00	\$ 58,267.00	\$ 1,733.00
INCREASE (DECREASE) IN NET ASSETS	\$ -	\$ (94.00)	\$ (94.00)

SAMPLE CERTIFICATION LETTER BY PRINCIPAL OFFICER

Appended to every audit or review by an independent CPA, an internal financial review by a committee of members or a compilation of the financial statements (see chart on page 1 of this appendix for type) must be a certification letter signed by the local's principal officer and at least one other elected general officer certifying that the current audit, review, internal review or compilation has been presented at a specified regular or special meeting of the local's governing body and made available to the members.

Sample Certification by Local's Principal Officers

Date:

Ms. Lorretta Johnson
Secretary-Treasurer
American Federation of Teachers
555 New Jersey Ave. N.W.
Washington, DC 20001

Dear Secretary-Treasurer Johnson:

Please find attached the internal financial review for the _____ (your local name), Local # _____, for fiscal year ending June 30, 20xx. The financial review was presented to the _____ (your local's governing body) on _____ (date). The internal financial review has been published and is available to our members.

Sincerely,

Signature

Signature

Name, President
Local Name

Name, Vice President

Substitute the **bold** entries with your local's information.

Local Annual IRS 990 Filing

SAMPLE PORTION OF FORM 990-N E-POSTCARD:

Confirmation [Home](#) | [Security Profile](#) | [Logout](#)


[e-Postcard Profile](#) [Select EIN](#) [Organization Details](#) [Contact Information](#) **Confirmation**

Your Form 990-N(e-Postcard) has been submitted to the IRS

- Organization Name: XXXXXXXXXXXX
- EIN: XX-XXXXXXXX
- Tax Year: XXXXXXXXXXXX
- Tax Year Start Date: XXXXXXXXXXXX
- Tax Year End Date: XXXXXXXXXXXX
- Submission ID: XXXXXXXXXXXX
- Filing Status Date: XXXXXXXXXXXX
- Filing Status: Pending

Note: Print a copy of this filing for your records. Once you leave this page, you will not be able to do so.

[← MANAGE FORM 990-N SUBMISSIONS](#)



A link to the 990 User Guide pdf may be found at:

<https://www.irs.gov/pub/irs-pdf/p5248.pdf>

Political Action Checklist

POLITICAL ACTION CHECKLIST

- Establish a standing VOTE/COPE Committee.
- Establish procedures and policy for making endorsements and taking positions on political issues
- Negotiate VOTE/COPE check-off in your contract
- Schedule annual VOTE/COPE fundraising drives.
- Maintain a card file/mailling list of key political contacts.
- Identify the political issues that affect your members, develop a VOTE/COPE theme that addresses those issues and build your VOTE/COPE campaign around that theme.
- Include political information in your regular union publications.
- Communicate to your members and involve them in activities that educate and rally them.
- Conduct training sessions for political action volunteers. Ask NYSUT for help with this training.
- Know state and federal laws regarding campaign finance and reporting.
- Maintain accurate and up-to-date records in compliance with state and federal laws.
- File campaigns finance reports in a timely fashion.
- Record the name and address of everyone who contributes to your VOTE/COPE fund.
- Keep your VOTE/COPE account segreated from your regular account.
- Build political coalitions on behalf of your candidates and issues.
- Urge COPE committee members to participate in local political party committees.
- Maintain a card of all your volunteers and community contacts.
- Keep elected officials well informed of the union's positions and priorities through effective lobbying.

- Meet regularly with school board members.
- Establish a legislative committee to keep abreast of legislative activity and enhance campaign follow-up efforts.
- Establish a procedure by which you can generate phone calls, telegrams and letters to legislators and others on a moment's notice as important issues arise.