



WELCOME TO AFSCME FINANCIAL STANDARDS CODE TRAINING

AFSCME Code of Conduct

- AFSCME is committed to providing an environment free from discrimination and harassment, regardless of an individual's race, ethnicity, religion, color, sex, age, national origin, sexual orientation, disability, gender identity or expression, ancestry, pregnancy, or and any other characteristics prohibited by law. As such, AFSCME will not tolerate discriminatory, harassing or otherwise unacceptable behavior at any of its activities, events or meetings. AFSCME expects everyone who participates in any of its activities, events or meetings to abide by this standard of conduct.
- There will be no retaliation or other adverse action taken against an individual who makes a complaint. Complaints should be sent to the AFSCME Human Resources Department at reportharassment@afscme.org





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Secretary-Treasurers Online Resource Website

We have a brand new website:

www.afscmetreasurer.org

Check it Out

AFSCME FINANCIAL STANDARDS CODE

- **Article I - Article XI**
- **Appendices**
- **Glossary of Terms**
- **Trustees Audit Guide**
- **Trustee Audit Checklist**

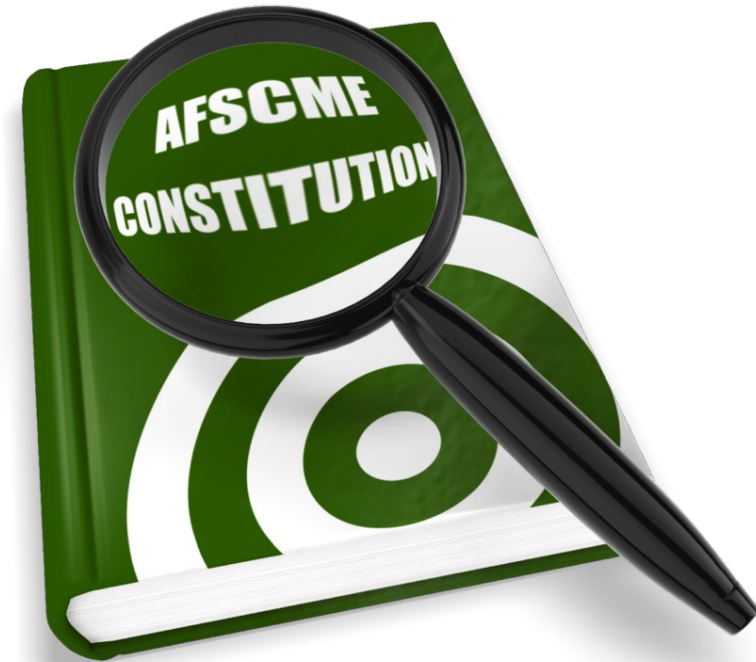
Article I - Purpose and Scope

- **Establish minimum standards for the Handling of Funds and Records Maintenance**
- **Financial Standard Code Applies to All Affiliates – regardless of size**
- **Electronic recordkeeping is Permitted and Encouraged**



Purpose and Scope

- **Financial Standard Code** is part of **AFSCME's Constitution**
- **A Violation of AFSCME's Constitution** can lead to **Charges** being **Filed** and **Removal** from **Office**



Article II - Custody of Funds

- All union **Bank Accounts** must be in **Federally Insured Institutions** – **FDIC or NCUA**
- In Name of Union
- Contain **Union Funds**



Bank Accounts

- **Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) ensure total deposits in that member's bank up to \$250,000**
- **This is the total per bank NOT the total per account**

Investments

- **Union officers have a **Fiduciary Responsibility** to manage and invest **Union Funds Prudently** and in **Accordance with Union Policies****
- **This means that as a **Union Officer** you are in a **Position of Trust**.**

Investments

The safest types of investments provide the lowest rates of return



The Financial Standards Code requires the safest types of investments, with an emphasis on protection of principal

Investments



Safest Investments Available:

- **Treasury Bills**
- **Certificates of Deposit**
- **Government Notes and Bonds**

Article III - Maintaining Records

Receipts & Disbursements Journals Are Required

- **Manual Book**
- **Computerized Journals**



Bank Statement & Canceled Checks

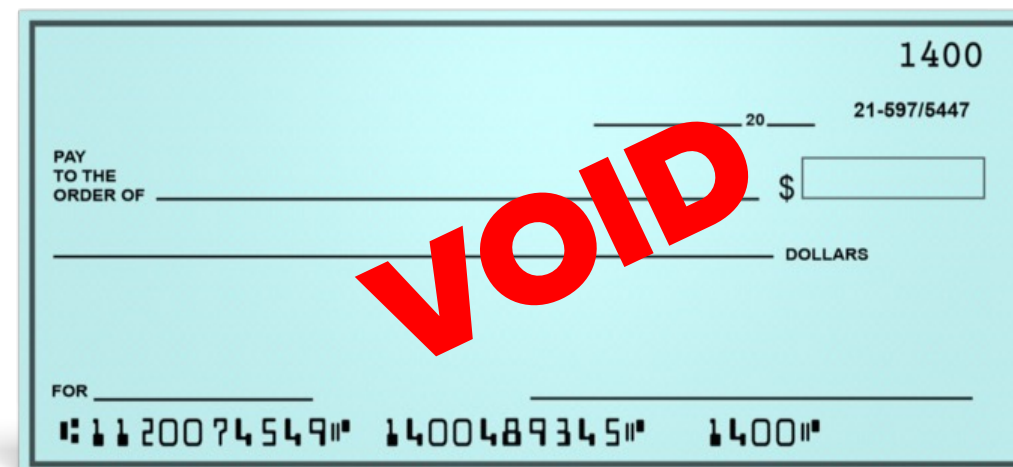
You are required to:

- **Keep front & back copies of checks with**
BANK STATEMENT
- **RECONCILE BANK STATEMENTS** monthly
- **Request MISSING CHECKS** or bank
statements
- **VERIFY DEPOSITS** to deposit slips



Check Stubs & Voided Checks

**Before storing a
Voided check,
write “Void” across
the check in ink and
tear off the **Signature
Portion****



Retain All Voided Checks!

Paid Bill Records

**When signing checks,
you need to write the
Date Paid, Amount
Paid, and Check
Number on your copy of
the bill or invoice**

Your Company, Inc. **INVOICE**
Address
City, State, ZIP (555) 555-555

SOLD TO:
Name
Address
City, State, ZIP

INVOICE NUMBER 536524
INVOICE DATE March 16, 2015
OUR ORDER NO.

SHIPPED TO:
Same

QUANTITY **UNIT PRICE** **AMOUNT**

QUANTITY	UNIT PRICE	AMOUNT
10.00	\$1,200.00	1,200.00
10.00	1,200.00	1,200.00

CK NO **12345**
DATE **8-01-2022**
AMOUNT **\$75.00**

SUBTOTAL 2,400.00
TAX 120.00
FREIGHT

DIRECT ALL INQUIRIES TO:
Name
(555) 555-555
email: someone@somename.com

MAKE ALL CHECKS PAYABLE TO:
Your Company, Inc.
Attn: Accounts Receivable
Address
City, State, ZIP

THANK YOU FOR YOUR BUSINESS!

Reimbursement Records

All Officers, Members and Employees must fill out an Expense Report with Original Receipts attached for all expense reimbursements



Payroll Records

What is required of the affiliate:

**IRS
FORM 941**

**IRS
FORM 940**

**IRS
W-2**

**STATE AND
LOCAL
PAYROLL
REPORTING**

This is a Form W-2 Wage and Tax Statement for 2012. It is marked with a large red "W2 EXAMPLE" watermark. The form includes fields for Employer's SSN (999-99-9999), Employer's name (INNOVATIVE EMPLOYER LLC), Employer's address (12345 EMPLOYER DRIVE, EX 12345), Control No. (578642), Employee's name (EXAMPLE), Employee's address (54321 EXAMPLE LANE, EX 98765, EXAMPLELAND), State (CA), and Employer's state ID No. (99-9999-9). It also shows various tax amounts: 1 Wages, tips, other compensation (99999.00), 2 Federal income tax withheld (9000.00), 3 Social security wages (99999.00), 4 Social security tax withheld (9000.00), 5 Medicare wages & tips (99999.00), 6 Medicare tax withheld (90.00), 7 Social security tips, 8 Allocated tips, 9 Retired pay, 10 Unemployment compensation, 11 Qualified plan, 12 Other income, 13 Other income, 14 Other income, 15 Other income, 16 State wages, tips, etc. (99999.00), 17 State income tax, 18 Local wages, tips, etc., 19 Local income tax, and 20 Local name. The form is dated 2012 and includes the OMB No. 1545-0008.

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Financial Records

All AFSCME affiliates are Required to prepare Monthly Financial Reports for their Membership and Executive Board

Income Statement
For the Years Ending (Dec. 31, 2008 and Dec. 31, 2007)

[Company Name]	2008	2007
Revenue		
Sales revenue	95,000	95,000
Less sales returns and allowances		
Service revenue	75,000	62,000
Interest revenue		
Other revenue		
Total Revenues	180,000	157,000
Expenses		
Advertising	5,000	5,000
Bad debt		
Commissions	95,000	62,000
Cost of goods sold		
Depreciation	4,200	5,200
Employee benefits		
Furniture and equipment		
Insurance		
Interest expense		
Maintenance and repairs		
Office supplies	95,000	95,000
Paidroll taxes		
Rent		
Research and development		
Salaries and wages		
Software		
Travel	17,400	132,200
Utilities		
Web hosting and domain	142,860	132,200
Other	37,300	24,000
Total Expenses	22,404	14,880
Net Income Before Taxes		
Income tax expense		
Income from Continuing Operations		
Below-the-Line Items		
Income from discontinued operations		
Effect of accounting changes		
Extraordinary items		
Net Income	22,404	14,880

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INCOME STATEMENT

Financial Records

Financial Reports Filed with the International Union:

- **Surety Bond Report - Signed & Dated**
- **Local Union Annual Financial Report (LUAFR) - Signed & Dated**



Financial Records

Keep a file of Mortgages, Loan Agreements, Lease Agreements, Lease-Purchase or Time-Payment Contracts, and anything which involves a Financial Obligation on the part of the Affiliate



Financial Records

All documents constituting Evidence of Ownership by the Local Union of any Property or Equipment should be kept in a file.



Financial Records

Always maintain Minutes of any Executive Board, Membership, or Committee Meetings at which any Financial Decisions were Made, Approved or Rejected.



Key Point

Financial records, Including Minutes of the Executive Board and membership meetings, Must Be Kept for a Minimum of Seven Years



Article IV - Income

DUES REPORT/REBATE STATEMENT

When **Documenting**,
be sure to:

- Keep copies of **Transmittal or Remittance Advice**
- Make a **Copy** of all **Checks Deposited**
- Attach **Check Copies** to **Deposit Slips**
- Deposit funds promptly **In Full**

Article V - Expenditures Authorization

- **Union Money can only be spent with Proper Authorization**
- **Authorize Prior to incurring the Expense**
- **Only for Legitimate Union Business Purposes**
- **Executive Board has Responsibility**

Expenditures - Authorization

There Are Four Types of Authorization:

- **Law**
- **Constitution**
- **Contract**
- **Vote**



Required By Law

The law states that you **Must make this
Payment**

Examples include:

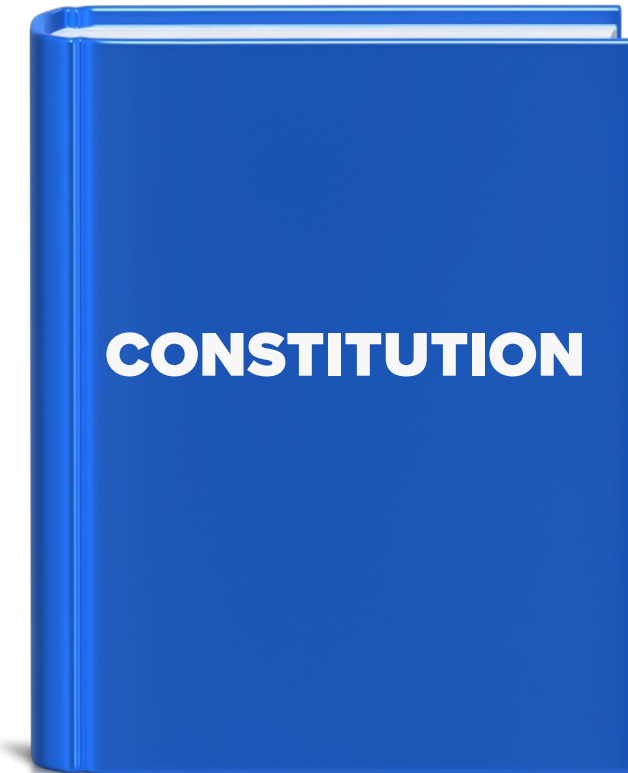
**Payroll Tax Deposits
and Related Payments**
(FICA, Unemployment
Taxes, etc.)

**Possible Fines
imposed by the IRS for
late filing of Form 990
or 990-EZ**

**Payments required by law need no
Further Authorization**

Required by Union Constitution

- **AFSCME International Constitution**
- **Council Constitution**
- **Local Union Constitution**



Required by Union Constitution

- **International and Council Per Capita Taxes**
- **Local Union rebates**
- **Payment of Surety Bond Premium to International**

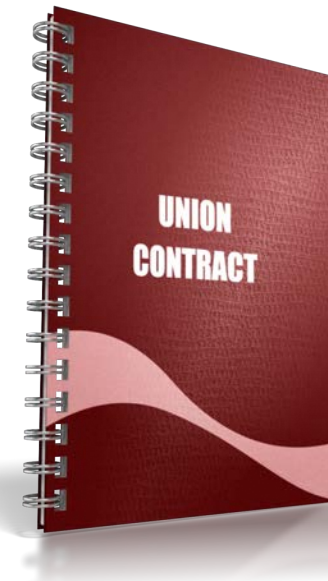
**These payments also require no
Further Authorization**

Required by Contract

Payments to meet Contractual Obligations

Prior Authorization Required

- **Equipment Rental**
- **Meeting Hall Rental**



Attach Copy of Approved Contract to Minutes

Authorized By Vote

- **Membership**
- **Executive Board**
- **Delegate Assembly**



Expenditures - Authorization

- **Most Union's Expenditures are Authorized by Vote of Board or Membership**
- **Minutes should detail the Approval and the Union Purpose of the Payment**
- **Approval for recurring Expenditures may be handled through the Annual Operating Budget**



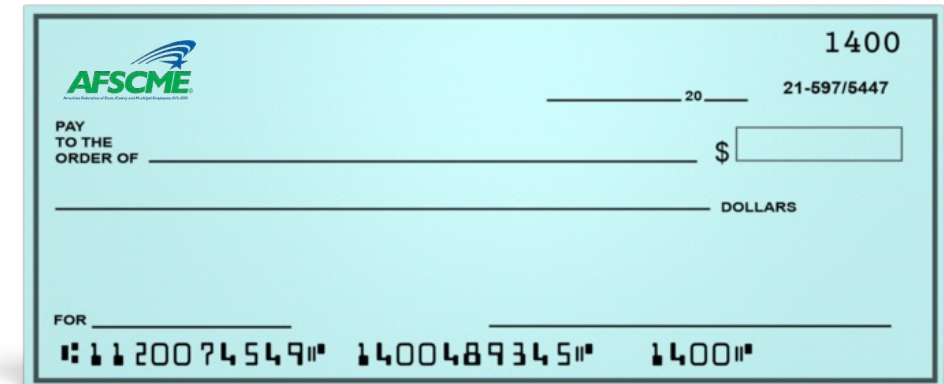
Expenditures - Authorization

- **A Budget or Approval for a Recurring Expenditure is valid only for the Current Year**
- **Reauthorization must be Made at the Beginning of Each Year**
- **Approved Budget should be Attached to the Meeting Minutes**




Article VI - Expenditures - Procedures

- **Authorized Expenditures** should be made by **Union Check**
- **Electronic Transfers Only** for **Payroll** and **Benefits** payments
- **Cash Withdrawals** from **Union bank accounts** are **Strictly Prohibited**
-



Check Signers

All Checks must be Signed by Two Officers



AFSCME
American Federation of State, County and Municipal Employees, AFL-CIO

14
21-597/54

_____.20

PAY TO THE ORDER OF _____ \$ _____

_____. DOLLARS

FOR _____

Union Officer
Union Officer

⑆ 1 1 20074549⑈ 1400489345⑈ 1400⑈

Check Signers

It is recommended that at least **Three (3)**
Signatories be **Registered** with the
bank for each **Affiliate Account**

X *Signature*

X *Signature*

X *Signature*

Never Pre-Sign A Check



NEVER USE A RUBBER STAMP FOR
CHECK-SIGNING



Writing Checks

**Enter the Date, Amount,
Check Number, Payee and
Purpose on the Check Stub or
Check Register**

[illegible]

Writing Checks

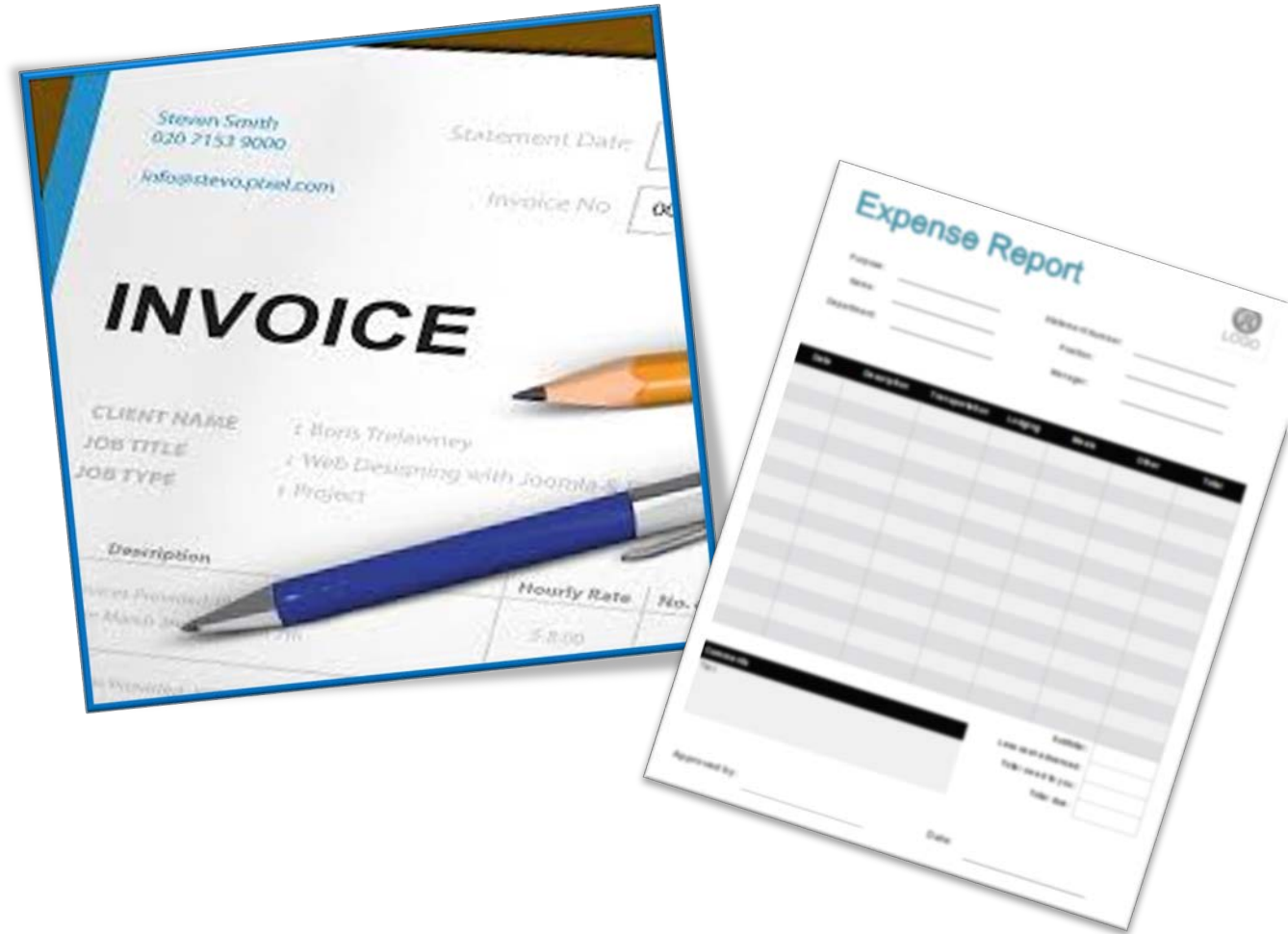
Before you write a check, you need:



Writing Checks - Documentation

Payment to vendors should be supported by an invoice.

Payments to an officer or a member, should be supported by an expense report or payroll register



Writing Checks – Union Purpose

- **You should also make sure that you understand the explanation of the union business purpose of the payment**
- **The authorization, documentation and explanation of an expenditure must be clear to the check writer and signatory prior to writing or signing a check**
- **Never write or sign a check that does not have proper authorization, adequate supporting documentation, and a legitimate union business purpose**

NO CASH PAYMENTS

Checks may Not be Made Out to Cash

Checks are written to:

- **Individuals**
- **Vendors**

Writing Checks - Paying Bills

- **Original receipts **Must** be **Maintained** to support payments**
- **Write **Check Number, Date, and Check Amount** on the **Face** of the **Bill, Invoice** or **Expense Report****
- **File **Paid Bills** in an orderly manner**



Electronic Transactions

- **Bank Wire Transfers** must be authorized by the authorized **Signatories**
- **Generally, no Direct Debits or Internet Payments & no Pay by Phone Payments**

ATM Cards

Bank Debit Cards or ATM Cards are Prohibited and may Not be Used under any Circumstances



Article VII

Expenditures Documentation

**Receipts and Invoices Must Be Maintained
to Support all Payments**



Payroll & Payroll Taxes

The Officer as an Employee:

**Allowances, Reimbursed Dues
and Lost Time paid to officers
are Wages subject to tax
withholdings**

Undocumented Payments to Officers are W-2 Payroll Items

A sample 'Expense Report' form. It includes fields for Purpose, Date, Department, Expense Number, Position, and Manager. Below these is a table with columns: Date, Description, Transportation, Lodging, Meals, Other, and Total. At the bottom, there are fields for Amount, Unit (if applicable), Total paid to you, and Total due, along with an 'Approved by' signature line and a 'Date' field.

No Receipts or Expense Reports on file to substantiate payments

Non-Taxable Payments



Accountable Plan = Expense Report

You are Reimbursing actual expenses

which are Non-Taxable to recipient

Examples of Reimbursed Expenses

- **Local president purchases Office Supplies for the local union and submits the Expense Report & Receipt for payment**
- **Local officers are paid up to 58.5 Cents Per Mile for all union related Mileage during 2022**
- **Per Diem paid for Meals for Out of Town Overnight Travel. Rates are \$59 to \$79**

Expense Reports

Officers, Members and Employees are Required to submit an Expense Report

Expense items reimbursed must have Original Receipts Attached and show the following:

- 1. Date**
- 2. Amount**
- 3. Specific Union Purpose**



Document all Reimbursements

Expense Reports

- **Original Receipts** must be attached to the expense report
- Expense Reports should be **Filed Timely**



Expense Reports

The Officers Expense Reports must be Approved by the Executive Board-Someone Other than the Preparer.



Union-Owned Credit Cards

**AFSCME Strongly
Recommends Against
the use of union-
owned credit cards**

**Circumvents the
Requirement that 2
officers sign all
disbursement
checks**

Article VIII - Minutes

The Recording Secretary is responsible for maintaining the minutes of all the Affiliate meetings such as:

- **Executive Board Meetings**
- **Membership Meetings**
- **Committee Meetings**



Meeting Minutes

- **Record of Proceedings**
- **Permanent Record of Actions and Decisions**
- **Document whether Quorum was Present**
- **Previous Minutes were Read and Approved**

Minutes Note Financial Authorizations:

The most important function of the meeting minutes is that they note **Financial Authorizations such as:**

- **What Motions Were Made**
- **Who Made the Motions**
- **Who Seconded the Motions**
- **Whether the Motions Passed**



Financial Reports

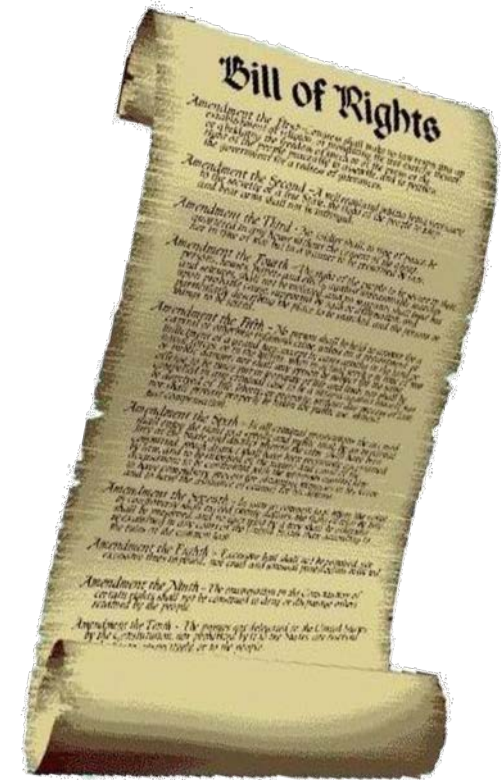
The Following Must Be Attached to the Minutes:

MEETING MINUTES

- **Monthly Financial Report**
- **Annual Budget**
- **Audit Report**

Article IX - Reporting

- **Bill of Rights of Union Members**
- **Part of AFSCME's Constitution**
- **Full and clear accounting**
- **Regular financial reports required**



Financial Statements

- **Prepared Monthly**
- **Presented to Executive Board and Membership**
- **Attached as a Permanent Part of the Local's Minutes**



Large Affiliate Reporting

All Councils and any Local Unions with 2,000 or More Members must prepare a Monthly Report showing Actual Income and Expenses versus Budgeted Income and Expenses for the Month and the Year-to-Date



Large Affiliate Reporting

All Councils and Local Unions with 2,000 or more Members must:

- **Prepare Quarterly Financial Statements and Annual Budgets**
- **Annual CPA Audits to the Int'l Union Secretary-Treasurer**



Government Reporting

You are Required to File One (or more) of the following:

Forms

Due Date *

**IRS Form 990-N,
990-EZ or 990**

May 15th

**IRS FORM
1120-POL**

March 15th

**DOL LM-2,3,4
Reports**

March 31st

*** CALENDAR YEAR FILERS**

AFSCME Reporting

All Local Unions must file:

- **Local Union Annual Financial Report (LUAFR) - Due May 15 (or 4 1/2 months after Fiscal Year End)**
- **Large Affiliate Locals must send a copy of CPA Audit Report**

AFSCME Reporting

Every Affiliate must file:

- **Surety Bond Report** due by **March 1st** each year
- The **Surety Bond** is protection against theft of **Union Funds** by **Officers** and **Employees**

The image shows a sample of the AFSCME Surety Bond Report form. The form is titled "AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO SURETY BOND REPORT - 2016". It includes sections for reporting on the balance of all existing and pending accounts, including trust accounts, and a section for reporting on the balance of all existing and pending accounts, including trust accounts. The form is designed to be filled out by the affiliate and submitted to the AFSCME national office.

Surety Bond

AFSCME Employees and Officers are Bonded



ARTICLE X-CONFIDENTIALITY OF FINANCIAL RECORDS

- **Don't disclose Confidential Information without Authorization**
- **Limit requests to legitimate Union Business Purposes**
- **Personal Information should be Secured**

Article XI - Audits

How Often Should You Have An Audit?

- **At Least Once Each Year - check your constitution**
- **Upon Change of Officers**
- **When Circumstances Warrant if Necessary**



Who Should Perform the Audit?

- **Trustees**
- **Independent Certified Public Accountant (CPA) not otherwise connected with the union**



Trustee Audit

**Trustees may follow procedures outlined
in the **Trustees Audit Guide****



Audit Findings

- **Findings Reported to Executive Board and Membership**
- **Audit Report Attached to Minutes of meeting at which it was Presented**



Questions & Answers

