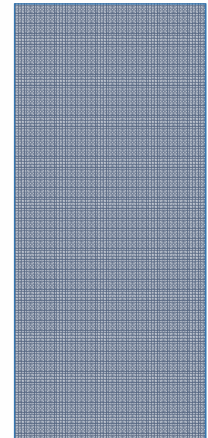




# **BEST PRACTICES FOR DIVISIONS FINANCE**

Checkbook Program



# PEF CONTACTS 518-785-1900



## Accounting - Divisions Finance Help

- Nicole Harris – Divisions Information Account Clerk
  - Ext. 232, [nharris@pef.org](mailto:nharris@pef.org)
  - Checkbook division questions
- Haley McCarthy – Admin. Assistant to the Director of Finance
  - Ext. 233, [hmccarthy@pef.org](mailto:hmccarthy@pef.org)
  - Purchase card division questions
- Russ Kuon– Director of Finance
  - Ext. 321, [tkuon@pef.org](mailto:tkuon@pef.org)
- Kay Wilkie – Secretary Treasurer
  - Ext. 226, [kwilkie@pef.org](mailto:kwilkie@pef.org)

## Divisions – Elections

- Tara Bentley- Divisions Information Assistant
  - Ext. 337, [tbentley@pef.org](mailto:tbentley@pef.org)
- Kristie Furman – Assistant Director of Divisions
  - Ext. 231, [kfurman@pef.org](mailto:kfurman@pef.org)

## BEST PRACTICES OF DIVISIONS IN GOOD STANDING



1. **TIMELY**- Completes all of the required forms (budget, audit, and quarterly reports)
2. **SUPPORTIVE** - Maintains a financially responsible council
3. **ORGANIZED** - Provides all itemized receipts and attendance lists
4. **COMMUNICATION** - Regularly in contact with division members

## *NEW* FOR CHECKBOOK DIVISIONS



- Monthly statements from Bank of America are now emailed once the statement cycle closes
- Quarterly reports are now emailed to the Division Leader and Treasurer
- A Convention Expenses line has been added to the 2019-20 Annual Budget
- Reminder emails will be sent if quarterly documents are not submitted

# DIVISION FUNDING



- Per Capita Payments are deposited every quarter
  - Payments are made at the end of June, September, December, and March
- Reporting needs to be up to date in order to receive your divisions quarterly allotment
- You need to have a financially responsible council in order to be eligible for payment
- Your division must not be over the max in order to receive payment
  - Over the max means a Division's balance may not be more than:
    - the sum of the last four quarterly payments
    - or \$5,000 (whichever is greater)

# QUARTERLY DEPOSIT CALCULATION



- The calculation to determine each per capita payment is based upon the members on file as of the prior quarter, which can be found on the “Quarterly Member Counts” listing
- Current per PEF Member amount (November 2018)
  - \$31.40 for first 200 members per year or \$7.85 per member per quarter
  - \$25.12 for members over 200 per year or \$6.28 per member per quarter
- Any increases in the PS&T Contract results in a increase in this per member amount

# BUDGET



- PEF's Fiscal Year runs from April 1<sup>st</sup> - March 31<sup>st</sup>
- Budget is to be approved by the Division Council on or before April 1<sup>st</sup>
- Approved budget is due to PEF Finance by April 30<sup>th</sup> (meeting minutes **MUST** be submitted with completed budget)
- Penalties begin to accrue on June 1<sup>st</sup>

# BUDGET

- Don't forget to include your April 1<sup>st</sup> beginning balance

**PEF Division #** \_\_\_\_\_

*Due April 30th to PEF HQ*

**Budget for Fiscal Year** 2019 - 20



**Beginning Fiscal Division balance +** \_\_\_\_\_

**Current Year Per Capita Estimated Total 4 payments** + \_\_\_\_\_

**Current Year Anticipated Expenses:**

Meeting and Travel -

Office supplies -

Postage -

Convention Stipends -

Programs and Education -

Scholarships -

Good and Welfare -

Donations -

Picnic -

Holiday Party -

-

**Ending Balance After Expenses =** \_\_\_\_\_

Approved by:

\_\_\_\_\_  
Print Name & Sign  
Division Treasurer

\_\_\_\_\_  
Date signed

\_\_\_\_\_  
Print Name & Sign  
Council Leader

\_\_\_\_\_  
Date signed

\_\_\_\_\_  
Print Name & Sign  
Assistant Council Leader

\_\_\_\_\_  
Date signed

\_\_\_\_\_  
Print Name & Sign  
Secretary

\_\_\_\_\_  
Date signed

# AUDIT/FIXED ASSET REPORT



- Three members are required to complete the audit. Only one can be a steward or officer.
- The one steward/officer **CANNOT** be the Treasurer
  - Approved Audit and Fixed Asset form are due June 30<sup>th</sup>
  - Penalties will begin to accrue on July 31<sup>st</sup>

# AUDIT FORM – CHECKBOOK



- Remember the treasurer cannot sign the audit and only one steward can be on the audit committee

## The Annual Division Audit

In accordance with Article IV, Section 2 of the Model Constitution, all Divisions must audit their Financial Records for an annual period beginning on April 1 and ending on March 31. The objectives of an audit are to:

1. confirm that all assets (i.e. cash, equipment, furniture) of the Division are properly protected and accounted for,
2. ensure that all funds owed the Division are received by the Division; all funds disbursed by the Division were for proper and approved expenses; and that all financial transactions of the Division have been properly recorded,
3. determine if the budget adopted by the Division is properly adhered to; and the financial reports prepared by the Division accurately reflect its activities for the past fiscal year and its current fiscal condition.
4. to ensure that the Division membership is kept informed and aware of how Division funds are used and accounted for.

The audit is to be conducted by a committee of at least three Division members (not fee payers) appointed by the council no later than April of each year. Only one member of this committee may be either currently serving as a steward or officer and/or have served as such during the audit period, although there is no requirement that they be part of the committee. A Division's Treasurer can never be a part of the Committee that performs this Audit. Although not a committee member, a treasurer will be available to answer any questions from the committee. The purpose of the rule of "only one steward or officer" is to provide a greater degree of independence and objectivity in the performance of the audit. A Division may not compensate the audit committee for its services, though expenses encountered by the members while performing the audit may be reimbursed.

In order to conduct this audit, the Division must provide the audit committee the following information:

1. copies of or original bank statements, cancelled checks (if available), deposit slips, stop payment confirmation from the bank, and any other correspondence received from the bank,
2. copies of all Journal Register Reports, Petty Cash Journal Reports (if applicable), the Division checkbook, and copies of bills and expense vouchers documenting the expenditures,
3. per-capita payment reports,
4. the reconciliations of the account(s) from March 31 of the previous year through March 31 of the current year,
5. all correspondence pertaining to the Division's finances including meeting minutes,
6. a copy of prior year's Division Audit Report.

Before commencing the Audit, please note the following regulations regarding Division expenditures.

1. all checks should be signed by two authorized council officers,
2. no checks should be issued to cash,
3. no checks should be for political contributions or tickets to political fund-raisers,
4. no checks should be issued to refund dues or fees to the membership,
5. no checks should be made payable to members for honorariums, or stipends,
6. no checks should be issued for salaries, stipends or per diems
7. no checks should be issued in double reimbursement of expenses billed to other entities of PEF,
8. no checks should be issued in payment of legal fees.
9. no checks should ever be signed by any authorized person unless the check is completely filled out. Blank checks should never be signed.

When reviewing the Division's quarterly Journal Register Reports and checkbook, **be careful to account for the numerical sequence of all checks.** Copies of all void checks should be kept with the bank reconciliation for the appropriate month for this purpose. Any checks that were reported lost or stolen by the payee should be evidenced by a confirmation of stop payment from the bank.

The following is an Audit report form, which is to be used and completed by the audit committee. It is designed to provide a comprehensive review of a Division's finances. You will note that responses to all questions must be made. If a question is not applicable to your Division, this should be indicated in the space provided. A completed audit report must be submitted to the Divisions Finance Office by the date specified in the letter that was sent to your treasurer with this report. If this report is late, the deposit of your Division's quarterly funding will be suspended until the report is submitted. If this report is delinquent ninety days or more, your Division's quarterly funding will be penalized.

If this report is not filled out properly and completely, it will be returned for proper completion and treated as if it was not received.

# CHECKBOOK – AUDIT WORKSHEET



- **Section A** - should be the April 1<sup>st</sup> balance as of the previous fiscal year
- **Section B** – should include all of the per caps received for the previous fiscal year
- **Section C** - should be the total of both Section A and B
- **Section D** – are all the disbursements made throughout the fiscal year
- **Section F** – is the balance of your account as of March 31<sup>st</sup>. This amount should be equal to your March statement balance.

15.

## "Exhibit A"

Instructions for completing "Exhibit A" are located on pages 8 and 9.

### PEF Division Audit Worksheet

Division# 1234

Name \_\_\_\_\_

For Fiscal Year Ended 03/31/2018

A) **Cash on Hand** 04/01/17 Bank Name Bank of America \$ 8000  
*List all bank Accounts* Bank Name \_\_\_\_\_ \$ \_\_\_\_\_  
 Petty Cash \$ 0  
**Total Cash on Hand At Beginning of Fiscal Year** \$ 8000

B) **Cash Receipts** 04/01/17 to 03/31/18  

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Per Caps	\$1000	\$1000	\$1000	\$1000	\$4000
Bank Interest (Credited: _____ Monthly _____ Other Explain: _____)					
Other Cash Receipts (Attach List)					
<b>Total Cash Receipts</b>					\$ <u>4000</u>

C) **Total Funds Available for Fiscal Year: Add (A) and (B)** \$ 12,000

D) **Cash Disbursements** 04/01/17 to 03/31/18

Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Meeting & Travel	\$ 2050	\$3050	\$4000	\$ 1000	\$10,100
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Postage	\$30	\$30	\$0	\$ 30	\$90
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Printing	\$ 20	\$0	\$20	\$ 0	\$40
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
<b>Total Expenses</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

E) **Total Cash On Hand, Fiscal Year Ended 03/31/** (C) less (D) \$ 10,230.00

F) **Cash on Hand** 03/31/2018 Bank Name \_\_\_\_\_ \$ \_\_\_\_\_  
 Bank Name \_\_\_\_\_ \$ \_\_\_\_\_  
 Petty Cash \$ \_\_\_\_\_

**Total Cash on Hand (should be equal to [E] above)** \$ 1,770.00

- Please complete questions 16 - 23 on the following pages -



Date of Inventory\_\_\_\_\_

- Remember to have both the Council Leader and Treasurer sign the form

[illegible]

We attest that the above stated are all the fixed assets owned by Division \_\_\_\_\_ and the information recorded on this Inventory Form is accurate and true.

Sign Here \_\_\_\_\_ Sign Here \_\_\_\_\_

Division \_\_\_\_\_ Council Leader

Division \_\_\_\_\_ Council Treasurer

\*NOTE: If equipment is recorded on more than one Inventory Form, all forms must be signed by the Council Leader and Treasurer.

# QUARTERLY REPORTS



- **Only required for checkbook divisions**
  - 1st Quarter (April, May, June)
    - Due July 31<sup>st</sup>
    - Penalties begin to accrue on September 1<sup>st</sup>
  - 2nd Quarter (July, August, September)
    - Due October 31<sup>st</sup>
    - Penalties begin to accrue on December 1<sup>st</sup>
  - 3rd Quarter (October, November, December)
    - Due January 31<sup>st</sup>
    - Penalties begin to accrue on February 1<sup>st</sup>
  - 4th Quarter (January, February, March)
    - Due April 30<sup>th</sup>
    - Penalties begin to accrue on June 1<sup>st</sup>

- 

We the undersigned do hereby certify that the above expenditures were made in accordance with prescribed guidelines.  
Signed:

Division Treasurer



# QUARTERLY REPORT - COMPLETED VOUCHER



- An expense voucher should be completed for every transaction
- A receipt should be included with ALL transactions
- TIP: Detailed explanation about mileage is required

**FOR TREASURER'S USE**  
 Division # 1234  
 Date Voucher was Paid 5-11  
 Check Number 1230  
 Amount of Check \$141.70

DIVISION # 1234 Sheet \_\_\_\_\_ of \_\_\_\_\_

DIVISION EXPENSE VOUCHER	
<small>(On the reverse side of this form are guidelines regarding expenditures and documentation requirements.)</small>	
<small>PLEASE PRINT OR TYPE</small>	
Name of Payee <u>Will Smith</u>	Address <u>123 Sesame Place</u>
Telephone ( ) _____	City, State, Zip <u>Latham, NY 12210</u>
DATE PAID <u>5 11 2018</u>	AMOUNT PAID <u>\$ 141.70</u>
DESCRIPTION OF TRANSACTION <small>(Be Specific - see instructions on reverse)</small>	
<u>Travel for meeting with member</u>	
<u>Latham, NY → Lake Placid: 130 miles</u>	
<u>12</u>	
<u>200 miles x .545</u>	
<u>\$141.70</u>	
<div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;">           Please be specific with your descriptions            Make sure to attach ALL receipts and attendance lists         </div>	
<b>DIVISION COUNCIL CERTIFICATION</b> I certify that the above expenses were incurred for PEF business and proper receipts for all expenditures listed are attached. Signature of Division Council Leader <u>Council Leaders Signature</u> Date: <u>DATE</u> Signature of Division Council Treasurer <u>Treasurer Signature</u> Date: <u>DATE</u>	
<b>VENDOR CERTIFICATION</b> Received from PEF Division # _____ \$ _____ Signature of Payee _____ Date: _____	

DV1157-2/98



# SUPPORTING DOCUMENTATION



- Attendance Lists
  - All members must sign an attendance list for all meetings, picnics, parties etc.
- Original Vendor Receipts – **NEED TO BE ITEMIZED**
- If Expenses Are Not Properly Documented
  - It can delay quarterly payments
  - Penalties may be incurred
  - The undocumented purchases will be deducted from future payments in addition to penalties

# QUARTERLY PAYMENT PENALTY STRUCTURE



- PEF Policy Manual – PEF Divisions Financial Policy Section VI
  - Division quarterly payments shall be withheld until all outstanding reports are submitted
  - A portion of a Division's quarterly payment may be forfeited if any report is more than 30 days late
- When the reporting requirements are not met by the deadline penalties are placed on the next scheduled per capita to be paid

# PENALTY STRUCTURE EXAMPLE



- Example:
  - 2nd Quarter Report (July, August, September)
    - This report is due on October 31<sup>st</sup>
    - If not received by December 1<sup>st</sup>, penalties start to accrue
- A daily penalty is calculated, based on when we received it
  - If received on:
    - December 2<sup>nd</sup> – penalty = 2/90 of quarterly deposit
    - December 31<sup>st</sup> – penalty = 31/90 of quarterly deposit
    - February 28<sup>th</sup> – penalty = 90/90 or 100%

# CHECKBOOK DIVISIONS



- Signatories - must have at least 2 (dual signature on checks)
  - Recommend Leader & Treasurer
  - Recommend at least 3 signers in case one is not available
  - Forms for updating signatories are available from Finance Department
- Monthly bank statements emailed to the Council Leader and Treasurer
- Additional checks can be ordered through the Finance Department

# ALLOWABLE EXPENSES



- All expenses must be approved by the Division Council and have a union purpose
- Membership Meeting Expenses
- Operating Expenses
- Steward traveling expenses (meals/mileage, etc.)
- Scholarship Fund
- Convention Stipend for Delegates max of \$100
- Tickets and contributions for local functions where the division should be represented
- Gifts to Members - (non-cash only gifts)
  - What is done for one member needs to be financially possible and made available for all members if requested
- Donations (Charitable contributions)

# DISALLOWED EXPENSES



- Expenses not directly funded by a Divisions Budget
  - Statewide Committees such as LM, H&S, Standing & Special Interest
- Political contributions
- Tickets to political functions
- Single rooms for Convention Delegates
- Reimbursement Of Members Dues
- Expenses already reimbursed by PEF
- Internal Caucus/Partisan Union Activities
- Salaried Employees
- Legal Fees
- Cash Gifts this includes Visa/Amex Gift Cards

# GIFT CARDS



- No Visa/Amex gift cards allowed
- Gift Cards can be given out as door prizes, raffle items, and retirement gifts
- Keep record of who received the gift cards, we will need this information for your quarterly reports and annual audit

# BENEFICIAL ASSISTANCE



- PEF Finance manages division receipts and expenditures directly
- The division does not have access to a checkbook or purchase card
- All payment requests would be handled by PEF Finance
  - Payment to vendors can be made by check with 7 business days notice or via credit card payment over the phone with 2 business days notice
  - Supporting documentation would need to be submitted prior to the payment being made
  - Attendance lists will need to be submitted no later than 7 calendar days after the conclusion of the event
- Budget and Audit reports still need to be completed and submitted to PEF Finance
  - PEF Finance will have all documentation already, so this will act as a checks and balances

## BEFORE WE FINISH...



- We are not sales tax exempt. Any product or service that you purchase for your division should include sales tax
- Only Council Leaders & Treasurers can make internal PEF charges
- Any bounced checks will incur a charge of \$50.00 to the division