

# **BEST PRACTICES FOR DIVISIONS FINANCE**

**Purchase Card Program** 

### PEF CONTACTS 518-785-1900 or 800-342-4306



### **PEF** Divisions Department

- Haley McCarthy Divisional & Regional Fiscal Analyst
  - Ext. 233, <u>hmccarthy@pef.org</u>
  - Purchase card division questions
- Nicole Harris Divisions Assistant
  - Ext. 232, nharris@pef.org
  - Checkbook division questions
- Tara Bentley Senior Divisions Assistant– Elections
  - Ext. 337, <u>tbentley@pef.org</u>
- Kristie Furman Assistant Director of Divisions- Elections
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## **OBJECTIVES**



- To give divisions the tools and tips in order to remain in good financial standing
- To provide newly elected officers with the basic information needed to run a division
- Insight on the frequent mistakes we come across

### BEST PRACTICES OF DIVISIONS IN GOOD STANDING



- Completes all of the required forms (budget and audit)- TIMELY
- 2. Maintains a financially responsible council **SUPPORTIVE**
- 3. Provides all itemized receipts, attendance lists and proof of approval quarterly **ORGANIZED**
- 4. Completes sign offs in Works program on a frequent basis **FOLLOW-THROUGH**
- 5. Regularly in contact with division members **COMMUNICATION**

# **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 provided in the quarterly mailing
- 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

## 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> with meeting minutes showing approval
- Penalties begin to accrue on June 1st

PEF Division # 123

Due April 30th to PEF HQ

Budget for Fiscal Year 2019 - 20

		Beginning Fiscal Division balance +	\$ 3,000.00
BUDGET	Current Year Per Capita	Estimated Total 4 payments	+ \$ 4,000.00
	Current Year Anticipated	I Expenses:	
		Meeting and Travel	- \$ 3,000.00
		Office supplies	- \$ 50.00
		Postage	- \$ 100.00
		Convention Stipends	- \$ 500.00
Don't forget		Programs and Education	-
to include		Scholarships	-
		Good and Welfare	-
your		Donations	-
estimated		Picnic	- \$ 2,000.00
		Holiday Party	-
April 1 <sup>st</sup>		Donations	-
beginning		Ending Balance After Expenses	= \$ 1,350.00
balance	Approved by:		<i>v</i> <u></u> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	PLEASE SIGN HERE		
	Print Name & Sign	Date signed	
	Division Treasurer		
	PLEASE SIGN HERE		
	Print Name & Sign	Date signed	
	Council Leader		
	PLEASE SIGN HERE		
	Print Name & Sign Assistant Council Leader	Date signed	
	PLEASE SIGN HERE		
	Print Name & Sign	Date signed	
	Secretary	Date signed	

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# QUARTERLY



- Report and explain all monies received and spent no later than 30 days after the conclusion of each quarterly period
- Submit all original receipts, proof of approval, and attendance lists where applicable to PEF Finance on a quarterly basis
  - Keep copies on file for the annual audit
- Review division's trial balance within 30 days of receipt from PEF Finance
  - Check for accuracy
  - Make any needed corrections

### **AUDIT/EQUIPMENT REPORT**



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

### **AUDIT FORM**



### NYS Public Employees Federation Annual Report of Division Audit Committee

#### Fiscal Year \_\_\_\_\_

#### Division

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 (ie. cash, equipment, furniture) of the Division are properly protected and accounted for.
- Ensure that all funds owed to 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.
- 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 non members) 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. 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.

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 thirty 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.

- The questions below are related to the operating guidelines established by the PEF Executive Board and included in each Division Constitution. <u>Explain any questions answered no.</u>
- A. Are minutes of the proceedings of each division and council meeting recorded and made available?

B. Have copies of all approved motions regarding division finances been furnished to the division treasurer?

### Make sure questions 1 A and B are completed

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

### EQUIPMENT INVENTORY FORM



Page #\_

of

Division Number\_\_\_\_\_ Equipment Inventory

Please Print

Date of Inventory

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

	Date of In	ventory			
Date Purchased	<u>Vendor Name</u> Item Description and Condition	<u>Check#</u> Item Serial Number	Cost of Item	Custodian Responsible <u>for Item</u> Name/Phone#	Address Where Item is Located
	l				

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 PAYMENT PENALTY STRUCTURE



- RULES FOR DIVISIONS: Formation and Financial Management – Section 6
  - 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:
  - Audit Report
    - This report is due on June 30<sup>th</sup>
    - If not received by July 30<sup>th</sup>, penalties start to accrue
- A daily penalty is calculated, based on when we received it
  - If received on:

August 1<sup>st</sup>

- penalty = 2/90 of quarterly deposit
- August 29<sup>th</sup> penalty = 30/90 of quarterly deposit
- November 1<sup>st</sup>
- penalty = 90/90 or 100%

### **DETAILED TRIAL BALANCE**

	5/28/2015 5/28/2015	2:01:22 PM	DET	FAILED TRIAL BAI Public Employee General L	s Federati			Page: User ID:	1
Ranges: Date: Account:	From: 4/1/2014 DV-		To: 3/31/2015 DV-	Subtotal Sorted B		ubtotals I	Include: Posti	ing	
Account:	DV-3400-017-	-0-00000	Descript	tion: Divisions-Grant	Income-Divis	sions Staff-DIVISIO	Begir	nning Balance:	\$0.00
Trx Date	Jrnl No.	Distribution Reference		Orig. Master Number	Orig. Maste	r Name		Debit	Credit
4/1/2014 6/30/2014 9/30/2014 12/31/2014 3/31/2015	348,439 348,300 Purch 357,020 Purch 363,189 Purch 369,856 Purch	3565 3565	P.C Division 4/1/14 Balance 2014-15 1st QTR PMT 2014-15 2nd QTR PMT 2014-15 3rd QTR PMT 2014-15 4th QTR PMT	2014-15 1ST QTR PMT 2014-15 2ND QTR PMT 2014-15 3RD QTR PMT 2014-15 4TH QTR PMT	DIVISION DIVISION DIVISION DIVISION	PC PC PC PC			\$3,588.39 \$754.80 \$740.00 \$732.60 \$710.40
						Net Change	Ending Balance		
Accoun				Totals:		(\$6,526.19)	(\$6,526.19)	\$0.00	\$6,526.19
Account:	DV-4510-017-	-0-00000	Descript	tion: Divisions-P/R Mil	eage Expen	se-Division-DIVISIO-	- Begir	nning Balance:	\$0.00
Trx Date	Jrnl No.	Distribution Reference		Orig. Master Number	Orig. Maste	r Name		Debit	Credit
6/11/2014 6/11/2014 9/17/2014 3/25/2015 3/30/2015	343,987 Purch 343,988 Purch 353,098 Purch 368,106 Purch 368,298 Purch	2565 2565 2565	LM 5/29 Mileage LM 5/29 Mileage DIV CONV14 STIP Mileage 3/24/15 MTG Mileage Mar11 STEW TRG	LM 5/29 MILEAGE LM 5/29 MILEAGE DIV181 CONV14 STIP MILEAGE 3/24/15 MTG MLGE MAR11 STEW TR				\$108.80 \$108.80 \$100.00 \$54.50 \$55.45	
						Net Change	Ending Balance		
Accoun	t: DV-4510-017-	181-0-00000		Totals:		\$427.55	\$427.55	\$427.55	\$0.00
Account:	DV-4530-017-	-0-00000	Descript	tion: Divisions-P/R Lo	dging-Divisi	ons Staff-DIVISION	. Begir	nning Balance:	\$0.00
Trx Date	Jrnl No.	Distribution Reference		Orig. Master Number	Orig. Maste	r Name		Debit	Credit
5/23/2014	342,929 Purch	3565	- DOCCS LM CONF		-	PLOYEES FEDERATIO	N	\$337.72	
						Net Change	Ending Balance		
Accoun	t: DV-4530-017-	181-0-00000		Totals:		\$337.72	\$337.72	\$337.72	\$0.00
Account:	DV-4560-017-	-0-00000	Descript	tion: Divisions-P/R Me	al Expense	Divisions S-DIVISIO-	- Begir	nning Balance:	\$0.00
Trx Date	Jrnl No.	Distribution Reference		Orig. Master Number	Orig. Maste	r Name		Debit	Credit
5/28/2014 5/29/2014 6/11/2014 6/19/2014 7/31/2014	348,783 Purch	ases Transaction Entry ases ases	Payables Trx Entry ok47084 John Ballard Return dt Luncheon Lapage, Marocco, Elr 6/20/14 Edu Staff Luncheon	TXN00035435 RCT000022258	MACKENZI	ES RESTAURANT		\$29.84 \$72.00 \$299.60	\$337.72
8/21/2014 9/30/2014 12/30/2014 12/30/2014	349,859 Purch 349,815 Purch 354,050 Purch 361,429 Purch 361,563 Purch	2565 2565 2565						\$100.00 \$500.00 \$22.68	\$25.00
12/30/2014 12/31/2014 3/30/2015	361,562 Purch 368,438 Purch	ases		alta ana an		Net Change	Ending Balance	\$22.68 \$450.00	922.00
	t: DV-4560-017	-0-00000		Totals:		\$1,111.40	\$1,111.40	\$1,496.80	\$385.40
Accoun									
Accoun		Grand To	Accounts	Beginning Balanc \$0.0		Net Change (\$2,531.77)	Ending Balance (\$2,531.77)	Debit \$4.048.93	Credit \$6,580.70



- Credits are funds coming into your division
- Debits are funds going out of your division

**Note:** The ending balance will show with parenthesis if you have a positive balance

# MAKING CHECK REQUESTS



- If your division needs a check rather than using the purchase card, a request can be made to PEF Finance via email to <u>hmccarthy@pef.org</u>
- In the email you should provide: who the check should be made payable to, the amount, and the purpose for the check request
- Where applicable supporting documentation including but not limited to: attendance lists, receipts, proof of approval (meeting minutes/email chain of approval), and event fliers, will be requested
- Check requests may only be made by the Division Treasurer or Council Leader

## **BOA WORKS SIGN OFFS**



- It is important that two users consistently review and sign off on transactions in Bank of America Works
- Sign offs are a two step process:
  - 1. The person who made the purchase logs in and signs off on the transaction leaving a comment/description as to what the purchase was for
  - 2. The second user reviews the transaction and comment. If happy with the purchase the second user then closes the transaction
- Timely review will allow you to notice any unauthorized or fraudulent purchases as they happen and not several months later
- It is highly recommended that the Division Treasurer not have a purchase card and only act as the second reviewer in the sign off process

# **ALLOWABLE EXPENSES**



- All expenses must be approved by the Division Council and have a union purpose
- Membership Meeting Expenses (food, room, supplies, etc.)
- Operating Expenses (postage, printing, etc.)
- 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
- Donations (Charitable contributions)
- Membership engagement and seasonal events

# **DISALLOWED EXPENSES**



- Expenses not directly funded by a Divisions Budget
  - Statewide Committees such as LM or H&S
- Political activities
- Reimbursement of members dues
- Expenses already reimbursed by PEF
- Internal caucus/partisan union activities
- Direct payment to members in excess of actual expenses
- 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
  - Providing gift cards to the entire membership is essentially a rebate of dues and is prohibited
- Keep list of recipients for gift cards valued at \$20.00 or more

# GIVEAWAYS



- Can be used to encourage membership engagement
  - Raffle items at membership meetings, door prizes at picnics and holiday parties, union trivia contest prizes
- Required Documentation
  - Must be in the budget or voted on by the Steward Council
  - Specification of the union purpose/event and the date and time where items are distributed
  - Itemized receipt for the purchased items
  - List of recipients for items valued at \$20.00 or more each

### **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 members with a completed Application for Purchasing Authority on file can make internal PEF charges