

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 (ie. 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. 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 fillout 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.

NYS Public Employees Federation

Annual Report of Division Audit Committee

Division # _____ Division Name _____
Covering Fiscal Year _____

In order to protect the confidentiality of the following, the information on this page only does not have to be shared with the membership.

Division Operations:

Membership ID is the first initial, the first four letters of the last name and the and the last four digits of your Social Security Number. List all requested information on current division council officers.

COUNCIL LEADER _____ Membership ID # _____
Home Address _____ Work Address _____
Home Phone () _____ Work Phone () _____

ASSIST LEADER _____ Membership ID # _____
Home Address _____ Work Address _____
Home Phone () _____ Work Phone () _____

SECRETARY _____ Membership ID # _____
Home Address _____ Work Address _____
Home Phone () _____ Work Phone () _____

TREASURER _____ Membership ID # _____
Home Address _____ Work Address _____
Home Phone () _____ Work Phone () _____

Division Finances:

List all requested information on all current division bank accounts. (Attach a list if additional space is needed.)

Bank Name: _____ Account # _____
Address _____ Date Opened: _____
Type of Account: Checking (), Savings (), Other ()
Bank balance last statement \$ _____ Last Statement Date _____

Bank Name: _____ Account # _____
Address _____ Date Opened: _____
Type of Account: Checking (), Savings (), Other ()
Bank balance last statement \$ _____ Last Statement Date _____

Division tax identification number: _____ - _____

| | <i>Yes</i> | <i>No</i> |
|--|------------|-----------|
| 3. Have division journal reports been submitted to the Secretary-Treasurer and the Regional Coordinator for each quarter of the fiscal year just ended? _____ _____ | _____ | _____ |
| 4. Have all monthly bank statements, for the fiscal year just ended, for all division bank accounts, been reconciled to division books and records by the division treasurer, and have any and all differences between the bank statements and division records been properly resolved and adjusted on the division books? _____ _____ | _____ | _____ |
| 5. Does the Division have a petty cash fund? _____ | _____ | _____ |
| 6. If yes, is a ledger maintained, and is it operated as an imprest fund (revolving fund, replenished periodically based on receipts and invoices received for the funds disbursed)? _____ _____ | _____ | _____ |
| 7. Does the Division own any fixed assets (office furniture or equipment, etc.)? _____ _____ | _____ | _____ |
| 8. If yes, is a fixed asset inventory record on file? _____ _____ | _____ | _____ |
| 9. Has the division obtained funding other than the quarterly per capita provided by PEF Central (eg. bank interest, fund-raisers, donations)? Please indicate the source. _____ _____ | _____ | _____ |
| 10. Was a division budget adopted for the fiscal year just ended, as required? If not, explain. _____ _____ | _____ | _____ |
| 11. Has a division budget been adopted for the current fiscal year and submitted to PEF Central as required? If not, explain. _____ _____ | _____ | _____ |
| 12. Has an annual financial report of the division's operations for the fiscal year just ended been prepared by the division treasurer and been distributed to the division membership, as required? If not, explain. _____ _____ | _____ | _____ |
| 13. Review the prior year's Audit Report. Have the recommendations in this report been adopted by the Division and have the conditions that prompted those recommendations been corrected? If not, explain. _____ _____ | _____ | _____ |
| 14. Does the Division conduct events where a portion of the cost of admission to is paid to the Division by those attending the events? If yes, were these receipts deposited in the Division account and accounted for on the quarterly reports? _____ | _____ | _____ |

16. Does the total in each expense category on your audit work sheet agree with the amount shown for each expense category on the annual financial report? If not, explain. Attach additional sheets if necessary.

Yes No

17. Does the total of each expense category (eg. total of all checks issued for postage) agree with the amount set for it in that year's adopted budget. If not, explain.

18. With each quarterly percapita, the Division receives a computer printout of the division membership and agency fee payers, (potential members). Review these printouts, and in light of any recent layoffs or other program changes, determine if the trend in these figures shows an increase or decrease in membership. Increased division membership equals increased division funds. Divisions do not receive funding for agency fee payers. The trend in our division membership is: _____ Up _____ Stable _____ Down

The reasons for this are:

19. Division Fixed Assets

Each Division is required to have approval by majority vote of the council to purchase any fixed assets costing from \$100 to \$1,000. Any item costing \$1,000 or more requires a majority vote of a division quorum at a division meeting, after obtaining bids from at least three (3) other vendors. If approved, written notice must be given to the PEF Secretary/Treasurer prior purchasing the item.

Once obtained, each asset is assigned a custodian and must be kept at a designated location. Bearing this in mind, obtain the fixed assets file from the division treasurer and inventory the items listed, noting whether or not each item listed is in custody of the individual indicated and that it is located where indicated. Are all fixed assets in good working condition and being used for division business?

In your review of the division fixed asset records, did you find them to be up to date and accurate?

_____ Yes _____ No If no, explain.

20. Audit Summary

Has the audit of the Division records found any indication that recommended policies and or procedures are not being followed by the Division? _____ Yes _____ No If yes please explain below or on additional sheets of paper.

21. Has the audit of the Division records found any indication that the Division Membership and or PEF Central are not being kept properly informed of the Division's financial activities? _____ Yes _____ No If yes, please explain below.

22. Has the previous year's audit report been presented to the membership (at a Division meeting, in a Division newsletter, or by other appropriate means) and has it been accepted by a majority vote of your Division's membership in attendance at a regularly scheduled Division membership meeting? _____ Yes _____ No
 _____ Date of meeting. If no, please explain below.

23. Please check the appropriate boxes below and submit copies of the documents listed with your report. Sign and date the report on the following page and forward to:

NYS PUBLIC EMPLOYEES FEDERATION
 Divisions Finance Office
 P.O. Box 12414
 Albany, NY 12212

- _____ Completed audit form including Exhibit A.
- _____ Treasurer's annual financial report.
- _____ Division Budget with approved amendments.
- _____ Division fixed assets inventory sheet. Attachments (If none, so state).
- _____ Meeting minutes containing the names of the members who were elected and approved as part of the divisions audit committee.

| <i>Print Name</i> | <i>Signature</i> | <i>Membership ID #</i> | <i>Steward Officer Member</i> (In this area please indicate you are a member, an officer, or a steward.) | <i>Date Signed</i> |
|-------------------|------------------|------------------------|---|------------------------|
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

You have completed the audit of your Division. You are encouraged to make any suggestions or recommendations that you feel are relevant to either the operation or finances of the Division, or the improvement of the audit procedure. Minority opinions are welcome and should be addressed to the PEF Secretary-Treasurer, in care of the Divisions Finance Office, at the above address.

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Instructions to Completing Exhibit A

First, the title area should be completed by indicating your division number, your division name, and year-end being audited.

A. Section "A" Cash On Hand 4/1/ . . . in this area you will need to do the following:

1. Enter "Amalgamated Bank" in the "Bank Name" area. Next to this enter the reconciled balance of this account as of March 31 of the previous year .

2. If your Division opened an account with another bank, the name of the bank and account type should be indicated on the next line. The reconciled balance as of March 31 of the previous year for this account should be recorded next to this information.

3. If more than one account was opened, the name of the bank and account type should be listed on a separate sheet of paper which is to be attached to this report. The reconciled balance as of March 31 of the previous year should be recorded next to each corresponding account type. In Section "A" of "Exhibit A" on the second line you should record "See Attached" in the "Bank Name" area. In the amount area, enter the total of your account balances recorded on the attached sheet.

4. The third line of Section "A" should be completed only if your division has a petty cash fund. The petty cash amount should be entered at the total value, not actual cash on hand . For example, if as of March 31 of the previous year your Division had \$60 in cash and \$40 in receipts for money paid out, the total \$100 should be recorded in the amount area for Petty Cash .

5. Once you have filled in these three lines (as applicable to your Division) total them and record your total in the "Total Cash on Hand at Beginning of Fiscal Year" area.

B. Section "B" Cash Receipts . . . In this area you will need to do the the following:

1. Enter the total percapita amounts that PEF issued your division during each quarterly period. Note that only percapita payments that were deposited in your division 's account should be recorded in this area. Add these amounts together and enter your total in the "Total" column next to this information.

2. If your Division has an interest earning account, add the interest as shown on each monthly bank statement and enter the total in the "Total" column on the second line. Check the appropriate box to indicate how often this account is credited with interest. If your answer is 'Other', indicate the frequency in the "Explain" area.

3. If your division received cash other than its percapita and bank interest, it should list the sources and amounts on a separate sheet and attach it to this report. A total of the other funds received should be taken and recorded in the "Total" column of the "Other Cash Receipts" line. Check to see that all cash receipts were deposited within one or two business days of receipt. If your Division did not receive funds from other sources, write none in this area.

4. Now add the amounts in the "Total" column of section "B" and record the answer in the "Total Cash Receipts" area.

C. Section "C" Total Funds Available for Fiscal Year . . . In this area you will record the total obtained after adding the "Total Cash on Hand at Beginning of Fiscal Year" of section "A" to "Total Cash Receipts" area of section "B".

D. Section "D" Cash Disbursements . . . In this area you will need to do the following:

1. Review and categorize the expenditures of each quarterly period recorded on the Journal Register Reports, according to the description from the annual report prepared by the treasurer. Keep in mind the following:

- a. Each expenditure should be consistent with the budget adopted by the Division including any voted amendments evidenced in the minutes of the division and/or council meetings.
- b. Each expenditure should be consistent with the guidelines established by PEF and the division constitution for allowable expenditures.
- c. Checks drawn to replenish petty cash should be supported by receipts and invoices and the expenditures should be recorded in the Petty Cash Journal.

2. When all expenditures have been reviewed and properly allocated, total the categories for each quarterly period.

3. Record the various category titles in the "Description" column of Section "C". In the next four columns record the corresponding category totals under the appropriate quarterly periods.

4. Total each category line and record the amount in the "Total" column. Total the column for each quarterly period and record the amount on the last line of the column. Also, total the "Total" column and record the answer on the last line.

E. Section "E" Total Cash On Hand . . . In this area

you will record the total obtained after subtracting the total expenses, which is the amount recorded on the last line of the "Total" column in the "TotalExpense" row of section "D", from the amount recorded in Section "C" in the "Total Funds Available For Fiscal Year" area.

F. Section "F" Cash on Hand 3/31/ . . . In this area you should do the following:

1. Enter "Amalgamated Bank" in the "Bank Name" area. Next to this enter the reconciled balance of this account as of March 31 of the current year.

2. If your Divison has an account with another bank, the name of the bank should be indicated on the next line. The reconciled balance as of March 31 of the current year for this account should be recorded next to this information.

3. If more than one account was opened, the name of the bank and account type should be listed on a separate sheet of paper which is to be attached to this report. The

reconciled balance as of March 31 of the current year should be recorded next to each corresponding account. In Section "F" of Exhibit A on the second line you should record "See Attached" in the "Bank Name" area. In the amount area enter the total of your account balance on the attached sheet.

4. On the third line of Section "F" enter the total value of your petty cash fund as of March 31 of the current year.

5. Once you have filled in these three lines, total them and record your total in the "Total Cash on Hand" area. Note that this amount should be the same as the amount recorded in Section "E".

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