

**SUMMARY OF CHANGES TO THE AFSCME FINANCIAL STANDARDS CODE
AS ADOPTED BY THE AFSCME IEB - MARCH 2024
FOR THE SECRETARY TREASURER ONLINE RESOURCE CENTER**

NEW TERMINOLOGY

The amendments to the Code include changes in the use of the following terminology:

- All references to “electronic equipment” have been changed to “technology.”
- All references to “automated accounting systems” have been changed to “electronic accounting systems.”
- All references to “Cash Book” have been changed to “Receipts and Disbursements Journals.”

PREFACE

- Expanded introduction quotes language in Article VI, Section 12 of the International Constitution requiring the establishment of minimum financial standards, as well as descriptions of two new sections added to the Appendices: “Officer End of Term Guide” and “Online Resources.”

ARTICLE I - PURPOSE AND SCOPE

- No substantive changes.

ARTICLE II - CUSTODY OF FUNDS

- Section 3 - Deleted language related to the storage of investments in safe deposit boxes. New language requires that investment records be retained in a “secured file.”
- Section 4 - Modified to address problems related to the use of petty cash funds, which are not recommended. New language suggests that petty cash be limited to no more than \$100 and requires that the fund be replenished by check made payable to the custodian of the petty cash fund, not “cash.”

ARTICLE III - MAINTAINING RECORDS

- Section 1.D - Modified standard for documentation supporting deposits from “should” to “must.” Also added best practice language on reconciliation of bank deposits.
- Section 1.E - Updated language related to retention of canceled checks.
- Section 1.F - Added language recommending bank reconciliation be performed within 30 days of statement date.
- Section 1.I - Added “local union rebate reports” to list of documents to be retained.

- Section 1.N - Deleted reference to “Surety Bond Certificate or Coverage” as those records are maintained by the national union. Added “annual budgets, trustee audits, CPA audits and management letters” to list of documents to be retained.
- Section 1.U - Modified description of electronic data files.
- Section 2 - Added “minutes of committee meetings” and financial “presentations” to list of documents to be maintained.
- Section 3 - Added language from Article IX and Obligation of an Officer stating all financial books and records are property of the union.

ARTICLE IV - INCOME

- Section 3 - Added language to address retention of documentation related to electronic deposits.

ARTICLE V - EXPENDITURES – AUTHORIZATION

- Section 4.D - Added language to clarify that budgets can only be used to authorize routine expenses and additional approvals may be needed throughout the year for other expenses.

ARTICLE VI - EXPENDITURES – PROCEDURES

- Section 1 - Added language to acknowledge commonly used methods to pay bills.
- Section 2 - Added language recommending affiliates have a third authorized signer on all accounts.
- Section 8 - Deleted language requiring “original” documentation to support an expense. Added language calling for adequate supporting documentation.
- Section 10 – Unchanged. Debit cards, check cards and/or ATM cards may not be used under any circumstance.
- Section 11 - Deleted language strongly recommending against the use of union credit cards. Added language allowing use of credit cards and establishing authorization procedures.
- Section 12 - Added language prohibiting the use of Cash Transfer Applications to disburse union funds.

ARTICLE VII - EXPENDITURES – DOCUMENTATION

- Section 1 - Added language to provide additional details on the type of information required to support disbursements for group meals.

- Section 2 - Deleted language requiring “original” receipts to support expense reports. Added language requiring approval of member expense reports.
- Section 3 - Added language regarding documentation to support charges on union owned credit cards and procedures for reimbursement of expenses incurred on personal credit cards.

ARTICLE VIII - MINUTES OF MEETINGS

- Section 1 - Added language requiring the maintenance of minutes of executive session meetings of the Executive Board and meetings of committees. Also added language requiring that copies of approved minutes be forwarded to the affiliate’s Secretary-Treasurer.
- Section 2 - Added language to strengthen basic requirements for meeting minutes (i.e., date and time, participants, quorum, approval of minutes of previous meeting, and adjournment).
- Section 5 - Added language in recent IRS guidance to require minutes be kept permanently if they document compliance with the FSC or the Internal Revenue Code (IRC).

ARTICLE IX - REPORTING

- Section 4 - Added language requiring monthly financial report be “approved” at next meeting.
- Section 5 - Added language to specifically identify the Form 990 series as a report that must be filed by affiliates and to note consequences for failure to file in a timely manner.
- Section 7- Added language to note that non-officers and non-employees are not covered under the affiliate’s surety bond and therefore should not handle funds.
- Section 8 - Added language to suggest that quarterly financial reports be submitted no later than 2 months following the end of each quarter.

ARTICLE X - CONFIDENTIALITY OF FINANCIAL RECORDS

- No substantive changes.

ARTICLE XI - AUDITS

- Section 1 - Added language requiring results of CPA audits to be reported to the Executive Board and membership.

APPENDIX A - TAX-EXEMPT STATUS

- Section 1 - Added language to note failure to file Form 990s may result in penalties and loss of tax-exempt status.

APPENDIX B - PAYROLL AND PAYROLL TAXES

- The Union as an Employer - Added language to encourage use of payroll services.

- Withholding Forms and Filing Requirements - Added language to clarify that officers and employees who receive taxable compensation are required to submit Forms I-9 and W-4.
- Deposit Requirements - Deleted language related to depositing tax withholdings at a bank as IRS now requires electronic deposits. Moved language regarding use of payroll service to section above.
- Federal Unemployment Taxes - Modified language to comply with updated IRS Form 941 instructions.
- Wage and Tax Statement, Form W-2 - Modified language to comply with IRS form W-2 instructions.

APPENDIX C - FINANCIAL DUTIES OF OFFICERS

- Financial Duties of the President - Added language requiring review of reports submitted to governmental agencies.

APPENDIX D - AUTOMATED ACCOUNTING SYSTEMS

- Added language to “highly” recommend the use of electronic accounting systems and to ensure such systems are secured. Also added language permitting maintenance of financial records in digital form and in accordance with the affiliate’s retention policies.

APPENDIX E - CUSTODY OF FUNDS

- Dues Trust Account - Added language requiring dues received directly from members be deposited into the Dues Trust Account.
- PEOPLE & Political Action Accounts - Modified language to provide clarity around accounts that hold member contributions to PEOPLE and affiliate PAC funds. Created three new sections to address “PEOPLE Program Accounts,” “Affiliate Contribution Political Acton Accounts,” and “Affiliates Dues Funded Political Action Accounts.”

APPENDIX F - POLICIES AND PROCEDURES

- Expanded policies covered to include “Gift Cards,” “Record Retention” and “Investments.”
- Taxable & Nontaxable Compensation - Modified to more accurately describe types of compensation addressed in this section.
 - **Lost Time Payments** - Added language to note that actual hours and rate of pay lost should be included in documentation required under policy.

- **Per Diem Payments** - Modified language to provide clarity around in-town and out-of-town per diem policies and practices. Deleted language directing that “non-taxable per diem cannot be provided in advance of travel.”
 - **Mileage** - Added language to require a policy and practices for reimbursed mileage.
 - **Auto Allowances** - Added language related to officers and employees eligible to receive car allowances.
 - **Expense Advances** - Deleted language requiring “original” invoices to support expense advances. Added language to note DOL requirement that advances not accounted for within 30 days must be treated as a loan on the LM report.
- Benefits - Added language related to required elements of a benefits policy.
 - Paid Employee Absences - Added language related to required elements of vacation, sick leave, holiday and other leave of absence policies.
 - Credit Cards - Deleted language recommending against the use of union owned credit cards. Added language prohibiting the use of union credit card reward points for personal use.
 - Leased/Owned Automobiles - Deleted language requiring reimbursement of mileage amounts calculated as personal usage.
 - Expense Reimbursements - Deleted language requiring “original” receipts. Added language to note additional information required for meal reimbursements.
 - Gift Cards - Added new section related to gift card policies. The purchase of gift cards is not recommended; if used, a gift card policy must be in place.
 - Record Retention - Added new section recommending the adoption of record retention policy.
 - Investments - Added new section recommending the adoption of an investment policy.

APPENDIX G - REPORTS TO INTERNATIONAL UNION

- No substantive changes.

APPENDIX H - REPORTS TO GOVERNMENTAL AGENCIES

- IRS Form 990-EZ or 990 - Added language noting IRS requirement that forms be filed electronically and updating IRS penalty amount.
- IRS Form 1120-POL U.S. Income Tax Return for Certain Political Organizations - Updated IRS due date.

- IRS Form 1096 Annual Summary and Transmittal of U.S. Information Returns - Updated name of former Form 1099-MISC.
- IRS Form 1099 NEC Non-Employee Compensation - Updated header to reflect new name for former Form 1099-MISC.

GLOSSARY OF TERMS

- Budget - Added “excess and deficit” amounts as a component of a budget definition.
- Cash Book - Deleted definition as this term was deleted throughout the Code.
- Cash/Money Transfer Apps - Added new term and definition.
- Financial Standards Code - Added language to be consistent with International Constitution.
- From 1096 (IRS) - Edited to reflect form name change.
- Form 1099 MISC (IRS) - Edited header to reflect form name change.

TRUSTEES AUDIT GUIDE

- Disbursements - Added language requiring documentation to support disbursements. Updated trustee disbursement review procedures to reflect best practices.
- Bank Reconciliation - Deleted language related to canceled checks. Added language recommending bank reconciliation be performed within 30 days of statement date.
- Savings Accounts - Updated trustee savings account review procedures to reflect best practices.
- Expense Reports and Reimbursements - Deleted language requiring officer, member and employee reimbursements to be authorized in minutes. Updated trustee expense report and reimbursement review procedures to reflect best practices.
- Credit Card Charges - Delete language prohibiting use of union owned credit cards. Updated trustee credit card review procedures to reflect best practices.
- Lost Time - Added language limiting lost time payments – not to exceed time actually lost. Updated trustee lost time review procedures to reflect best practices.
- Governmental Reporting - Updated language to reflect current IRS penalty rate.
- Local Union Reporting - Deleted reference to Suety Bond Reports.

- Surety Bond Reports - Created new section for surety bond reports that apply to all affiliates (not limited to local unions).
- Maintenance of Records - Updated language to include recent IRS guidance requiring permanent retention of meeting minutes if they document compliance with the FSC or IRC.
- Report of Findings – Trustee Audit - Added language requiring written trustee audit reports.

TRUSTEES AUDIT CHECKLIST

- Item 1.0 - Combined with language in Item 1.4.
- Item 4.0 - Modified to clarify that petty cash should never exceed \$100.
- Item 8.0 - Added new audit checklist item to confirm all credit card expenses are pre-approved by two officers.
- Item 8.4 - Added new audit checklist item to confirm existence of written policy on use of union credit card for personal charges.
- Item 9.1 - Updated list of financial report checklist items to include excess or deficit.
- Item 10.0 - Modified to clarify that payments for lost time, allowances and stipends must be authorized by policy or membership/ Executive Board.
- Item 14.0 - Added new checklist item related to the use of credit cards for personal use.

OFFICER END OF TERM GUIDE

- New section to offer guidance on officer obligations at the conclusion of their elected term.

ONLINE RESOURCES

- New section to identify where key documents referenced in the FSC can be located online.