



Financial Policies and Procedures Manual

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO



Overview

This sample Accounting Policies and Procedures template is an effort to provide a guideline for Locals/Councils to establish comprehensive business practices. This manual contains recommendations for policies, procedures, and internal control resources. Each Local/Council can adapt these procedures to its individual needs and constitutional requirements. This manual should not be inconsistent with the practices of the Local/Council Bylaws, AFGE National Constitution, Department of Labor, or Internal Revenue Service.

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Basis of Accounting

1. This Local/Council will use the _____ (cash or accrual) basis of accounting.

Recordkeeping

2. All transactions will be recorded by the Treasurer/Secretary-Treasurer on the Local/Council bookkeeping system within 30 days of occurrence.

a. Record Location

- All records of the Local/Council will be kept at _____. In addition, an electronic filing system will be maintained.

b. Record Retention

- Official records of the Local/Council will be kept as follows:

Document Type	Period
By-Laws and Amendments	Permanent
Correspondence	5 years
Election Records	Full term of office (2 or 3 years)
Local Memorandum of Understanding	Permanent
Minutes of Meetings	Permanent
Local History Documents	Permanent
Dues Deduction Forms (1187 & 1188 etc.)	6 years
EEO Case Files	5 years
Grievance Case Files	5 years
MSPB Case Files	5 years
Workers' Compensation Case Files	5 years
IRS Filings (990; W2; 1099; etc.)	5 years
DOL Filings (LM-2; LM-3; LM-4)	5 years
Financial Statements & Reports	Permanent
Officer Bonds	Permanent
Bills, Invoices, & Credit Card Statements	6 years
Bank Statements, Checks, & Deposits	6 years
Fixed Asset Listing	Permanent

- All documents of the Local/Council will be returned to the Local/Council upon completion of the officer's term.

Receipts and Deposits

3. Cash and checks will be safeguarded until it is deposited into the Local/Council bank account.

a. Cash Receipts and Deposits

- Checks and cash will be deposited within one to two business days after receiving funds.
- Checks and cash should be reflected within the Local/Council financial ledger/bookkeeping system within a timely manner. (30 days or less)
- Any undeposited cash/checks should be kept in a secure place.

b. Bank Transfers

- The membership must approve all transfers before any transfer transactions occur.
- Automatic or manual transfers from the Local/Council checking account to a saving account should occur on a _____ basis by the Treasurer.

Disbursements and Accounts Payable

4. Cash/Check disbursements and accounts payable will be handled in a timely manner as prescribed by the Local/Council.

a. Cash Disbursements

- Cash disbursements must be accompanied by a voucher, receipt, and/or supporting documentation as proof of the expense.
- Recruitment rebates paid by cash to the recruiter and new member should be accompanied by a sign-in sheet and each 1187/1158 must be signed attesting to the receipt of cash.

b. Check Policies and Disbursements Procedures

- *Check Policies*
 - Checks must have two authorized signatures as prescribed by Article ____ Section ____ (reference Constitution).
 - All checks should be accounted for sequentially.
 - Voided checks will be safeguarded in a safe box or an electronic copy will be maintained for bookkeeping purposes.
 - Checks that have not cleared the bank within six months will automatically be voided.
- *Blank Checks*
 - Blank checks must be kept in a secure place until issuance is needed.

- Blank checks should not be pre-signed.
- *Travel Payments*
 - Checks/payments that can be handled in advance to vendors (i.e. flights & hotel etc.) on behalf of the Local/Council member should be organized beforehand to defray out of pockets expenses by the Local/Council officer/member.
 - Cash advances for travel may be provided if approved by the Executive Board.
 - If cash advances are provided, the officer/member receiving the advance must reconcile all expenses with the Local/Council within 30 days of completion of the business trip.
 - Per diem will be issued based upon the government rate or a flat rate of \$____; unless otherwise stated within the Local/Council By-laws. (If the Local/Council flat rate exceeds the government rate for that area, a portion of the per diem will be taxable according to IRS regulations.)
 - Officers and members on travel for Local/Council business will be reimbursed for all travel expenses within reason by the Local/Council. These reimbursements include but are not limited to:
 - Flights
 - The most cost efficient option should be selected.
 - Itinerary changes to original flight schedules which will cause an increase in the flight expense will be left up to the Local/Council discretion for reimbursement.
 - Transportation to and from the airport. (most cost-efficient option)
 - Rental car and gas expenses. (most cost-efficient option)
 - Mileage or actual gas expenses for personal car use on official union business.
 - Parking expenses at the airport. (most cost-efficient option)
 - Hotel parking. (most cost-efficient option)
 - Registration for the Conference/Training/Convention.
- *Payroll*
 - Local/Council will process payroll for Officer stipends, Leave Without Pay, Annual Leave reimbursement and Salaries per the Local/Council bylaws. In the absence of bylaw amendments, salaries must be approved in each annual budget by the membership.
 - Payroll and appropriate tax withholdings will be processed on a ____ basis by the Treasurer or by a Local/Council approved Payroll company.

- The employee will prepare a time sheet which will be reviewed and approved by the Supervisor prior to payment.
- The Treasurer or payroll company will maintain an up-to-date personnel file for each employee.
- *Independent Contractors*
 - All services rendered by an independent company must be accompanied by a valid contract before any payment is distributed.
 - All potential contracts will receive at least __ bids in order for the Executive Board to determine which bid is economically feasible to cater to the Local/Council needs.
- *Contributions/Donations/Gifts*
 - All contributions/donations/gifts, if not budgeted, will be voted upon by the membership.
 - Local/Council will contribute a flower arrangement or monetary gift, as approved by the membership, in the amount of \$_____ to any member who has bereavement within his/her immediate family. (i.e. spouse, parent (in-law), child/stepchild, brother (in-law), sister (in-law), grandchild, and grandparent)
- *Recruitment Rebate*
 - Rebates issued through check will have the new member's name written on the check and a corresponding 1187/1158.

c. Accounts Payable (Credit Cards)

- *Issuance*
 - Credit cards will be issued using a credible bank prescribed by the Local/Council.
 - Credit cards will be issued to the following Executive Board members:
_____, _____, _____, _____.
 - Credit cards will be in the individual officer's name.
- *Use of Credit Cards*
 - Local/Council credit cards will be used for Local/Council business only.
 - Local credit cards will have a spending limit of \$_____.
 - Any personal charges made on the Local business credit card will solely be the responsibility of the individual officer.
- *Payment for Credit Card balances*
 - Supporting documentation, such as receipts, stating the time, place, and business purpose must accompany the credit card statement prior to an officer receiving a reimbursement.

- Local/Council will either transfer money from the Local/Council bank account to the Officer's credit card account or write a check to the individual officer(s) for the credit card statement balance after reviewing the credit card statement(s) of each officer.
- Two authorized Executive Board members will review each credit card statement on a _____ basis to verify all purchases are in compliance with AFGE National and Local/Council rules and regulations.

d. Local Assets

- *Equipment*
 - All new equipment purchases must be approved by the membership or included as a budget item.
 - The disposal of obsolete equipment must have prior approval by the membership.
 - The Local/Council will maintain an updated list of current assets and location of all items owned by the Local/Council.
 - All assets/property of the Local/Council will be returned to the Local/Council upon completion of the officer's term.
- *Investments*
 - All new investments (i.e. mutual funds, bonds, stock options etc.) or changes to investments must be approved by the membership.
 - The Local/Council will maintain an updated list of investments.

Reconciliation

5. All accounts (checking, saving, investment, and credit card accounts) will be reconciled on a _____ basis to the financial ledger to ensure all transactions were properly recorded and accounted for.
 - a. Cancelled checks and deposits should correspond to the bank statements and the financial ledger.
 - b. Any errors discovered during the reconciliation should be resolved in a timely manner.
 - c. All cancelled checks and deposit slips should be kept with the corresponding month.

Budget

6. The Executive Board will prepare a budget as prescribed by Article _____ Section _____ of the Local Constitution and Bylaws by _____ of each year in order to present to the membership for approval.

- a. A prior year financial analysis will be conducted to determine a reasonable estimate for each budget item.
- b. The Treasurer will conduct a budget versus actual comparison on a monthly basis in order to monitor the financial performance of the Local/Council.

Financial Reporting

7. Local/Council will report to the following groups:

a. Membership

- The Treasurer will present a financial status report at each regular meeting and upon request at the Executive Board meeting.

b. AFGE National

- The Treasurer will ensure copies of the Local/Council annual budget, LM Report, 990, AFGE Form 41, and amended Local Constitution and Bylaws are submitted to the AFGE National Office.

c. Department of Labor

- The Treasurer under the leadership of the President will ensure the appropriate LM (LM-2, LM-3, or LM-4) is filed within 90 days after the close of the Local/Council fiscal year.

d. Internal Revenue Service

- The Treasurer under the leadership of the President will ensure the appropriate 990 (990, 990 E-Z, and 990-N) is filed by the 15th day of the 5th month after the close of the Local/Council fiscal year.

Audit Policy

8. An audit of the Local/Council books will be conducted on an annual basis as prescribed by Article XIX Section 5 of the National Constitution.

a. The audit can be completed in the following ways if it is not outlined within the Local/Council Bylaws:

- *A CPA firm*
 - The Local/Council will hire a CPA firm subject to the membership's approval.
- *Local/Council Internal Audit Committee*
 - The President can appoint 3 to 5 members who do not have financial decision authority or an Internal Audit Committee could be elected if proper language is outlined within the Local/Council Bylaws.
- *The National Office*
 - The Local/Council President or Treasurer will submit an official request through their National Vice President to the National Secretary-Treasurer.



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