

October 21, 2022

NIU AFSCME Local 1890

Executive Board and Membership,

The Trustees Audit Report for FY '22 (7/1/2021-6/30/2022) is as follows:

While our accounting practices need to improve, we also have some positive notes to report on. However, the bulk of this report reflects on those accounting practices that need attention. To our benefit, the President has crafted a Trustees page on the Local 1890 website which is accessible by password. On this page the records of all Executive Board and Membership Meeting agendas and minutes are kept. This is an invaluable resource during the auditing process because the financial folder for the fiscal year held only a couple of the minutes for the year. After each meeting, Executive and Membership, once the previous meeting minutes have been voted on as being approved, the Secretary must sign and scan, or place their digital signature and email, the PDF of that document to the President to update on the Trustee page. In addition, the Secretary must email the minutes to the Treasurer, who is responsible for adding the minutes to the financial binder for the appropriate fiscal year and the updating of the portable hard drive. We do not have any checks that are pre-signed, or made out to Cash, nor do we have a Debit card.

This fiscal year has resulted in some concerns that must be addressed going forward. As our finances get more extensive, our local must rise to the challenge of being more fiscally responsible, specifically to keep our records in order. To this end, the Trustees will be performing 2 audits each fiscal year. The first will be in the first week of December and will be completed before all files are transferred to the new Treasurer. In the instance of no new Treasurer being elected, an audit will still be performed to ensure that our finances are on the right track. The second audit will be performed after the end of the fiscal year. This audit will begin in September and be completed no later than the Friday before the October membership meeting. This audit report saw a change of officers starting in December. Our President, Angie Gasero, was succeeded by Rave Meyer, and our Treasurer, Ellen Smith who was appointed after Claire Duvall left, was succeeded by Kristin Sherman.

FY '22 was the first time that our Executive Board has been given a stipend and/or the reimbursement of their monthly dues. This monthly disbursement are recommended to be given by direct deposit. Additionally, it was found that due to an error with the IRS, the name of our union does not match in records - which is causing an error. What this means for our local is that we are going through a minimum of 9 checks per month. At first, there was no information provided for payments made to our President. Through discussions with Rave Meyer, it turns out she opted to not receive the monthly payments. This is an example of why we must note any changes to what has been set forth in the constitution in the financial records to ensure the audit will be a complete record. A further point is that using at least 9 checks per month, we have gone through more checks than in the prior three years. This will cost the local money for books of checks to be ordered sooner than what we would have needed. Direct depositing payroll is a more viable alternative. It would also negate the possibility of checks being outstanding or misplaced. Such as in the case with check number 1067 in the amount of 43.51 from

5/16/2022. After contacting the Executive Board member involved, it was discovered that the check had been misplaced. In order for the local to stop payment on that check and reissue a new check, the Treasurer needed to contact the Bank, and we are required to pay a fee of 20 dollars to the Bank. This is a required fee, so it does not require approval. Direct deposit will ensure that this does not happen in the future.

In terms of our normal audit report information, one check that was written had been deposited electronically. Due to this method, there is no copy of the canceled check in our records. We do have bank reconciliations prepared monthly with each bank statement. We do have two officers sign each check that is being written, and in terms of receipts for bank deposits, those are in the form of Rebate Reports from Council 31. For FY '22 we did approve the use of a petty cash fund; however, it was not utilized. If one is to be used going forward, our membership needs to approve that per fiscal year. All expenditures were properly voted on by our membership, the Executive Board, or is an expense that is required for our local to function and therefore does not require a vote from either body.

The bills that have been paid out should all have all proper documentation, including an expense report when re-payment is issued to a member. On those expense reports are areas for the Executive Board member approving the paperwork, the check number, date, and the Treasurer's initials once a check is written. After seeing 3 missing expense reports, a conversation was held with the President who stated the former Treasurer did not always have the member turn in an expense report. There were 2 expense reports that were not signed by an Executive Board member. There were also 21 bills missing the necessary check number, date, and Treasurer's initials. This is not only bad procedure, but also improper keeping of records, and failure to complete this duty of the Treasurer. The Executive board member who approves an expense is stating by signing that all necessary paperwork is included, and the expense report was properly filled out by the member. If that is not true, the expense report should not be accepted, but rather returned till properly filled out, or till the member re-submits with the missing documentation. When an expense report includes travel reimbursement, the member must include what they were attending and where. There should be lines for the trip there and the return trip. Because the two trips may differ slightly in mileage, a map showing the directions and miles driven for each trip must be submitted as evidence. If tolls are being paid, a report showing those tolls which were paid must be printed from the Illinois Toll website or IPass account showing the amount paid and the transaction date going through each booth.

It is the Treasurer's duty to ensure that the amount checks are written for matches the amount submitted on the approved expense report. In the instance of one expense report, there was a note asking why the check was made out for a different amount. After a discussion with the President, the actual correct expense report that was being submitted was produced. This should have been correct before being submitted for audit and before a check was written.

While monthly financial statements are prepared and orally given at member meetings, those statements are not submitted to be included with the meeting minutes. We had one voided check, number 1046 which was made out to the Husky Food Pantry. There was a check made out to Hy-Vee for the same amount, but no explanation. After contacting the former President, documentation was provided showing that the Food Panty preferred the donation be given in the form of a gift card. This would allow them to use the donation immediately rather than having to wait till the donation appears in their account from the NIU Foundation. Anytime there are instances of voided checks, there should

also be documentation of why that check was voided and how the payment was then handled. Disbursement Journals should be maintained with monthly bank statements even if there was no activity. The Treasurer must be sure all documents are present before passing the financial folder on to the Trustees. If documents are missing, the Trustees are left hunting things down from various Executive Board members which causes the final report to be delayed, this includes the complete checkbook (cover, register and current book of checks).

With this fiscal year being the first to have payroll, that was voted on as an amendment to the constitution. We are properly withholding taxes, and W-2's will be sent out in the new year.

We are required to submit 990-N to maintain our tax-exempt status. It was discovered that the previous three years had not had that form submitted. The former Treasurer's had told the Trustees at the time of each audit that the document was submitted, or that Council 31 was submitting on our behalf. Because of the miscommunication, our local lost tax-exempt status. The 990-N has been filed and the supporting confirmation is in the financial folder. To have our status reinstated IRS Form 1024 must be filled out by the Treasurer within 15 months of when we were notified of losing that status. There is also a required 600-dollar fee, because this is required of our union, a vote for the approval of spending is not required.

The Surety Bond Report was filed for the past year; however, it was six months late. Our Local Annual Financial Report for the past year is due in November and requires that a copy of this audit be attached.

While our local does have some positives in our corner, this audit shows that there is much work that still needs to be done. As the leaders of this Union, we must do better going forward to fulfill our roles and duties. Our compliance with the financial standards for FY '22 is lacking in all above areas.

Respectfully submitted,



Rebecca Rahe



Elizabeth Mehren



Evelyn Comber