

# BRANCH OFFICER TRAINING



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# Branch Officer Training

- ▶ Training is an expansion of the Secretary-Treasurer training held in the past.
- ▶ Previous financial training, LM training and 990 training will still be included.
- ▶ New training includes specialized sessions for Trustees, Presidents/Vice Presidents, Recording Secretaries and Financial Secretaries.
- ▶ Training is now three and a half days long (previous was two and a half days)



# What Is Expected of a Branch Officer?

- ▶ **Federal Government expectations**
- ▶ **Membership expectations**
- ▶ **Constitutional expectations**

# What is Expected of a Branch Officer?

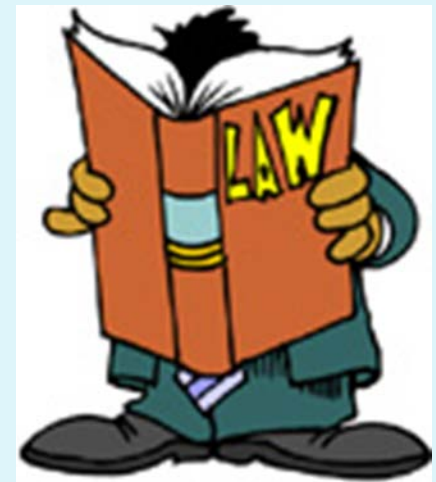
- ▶ It's quite simple – just follow the rules.

Rules?

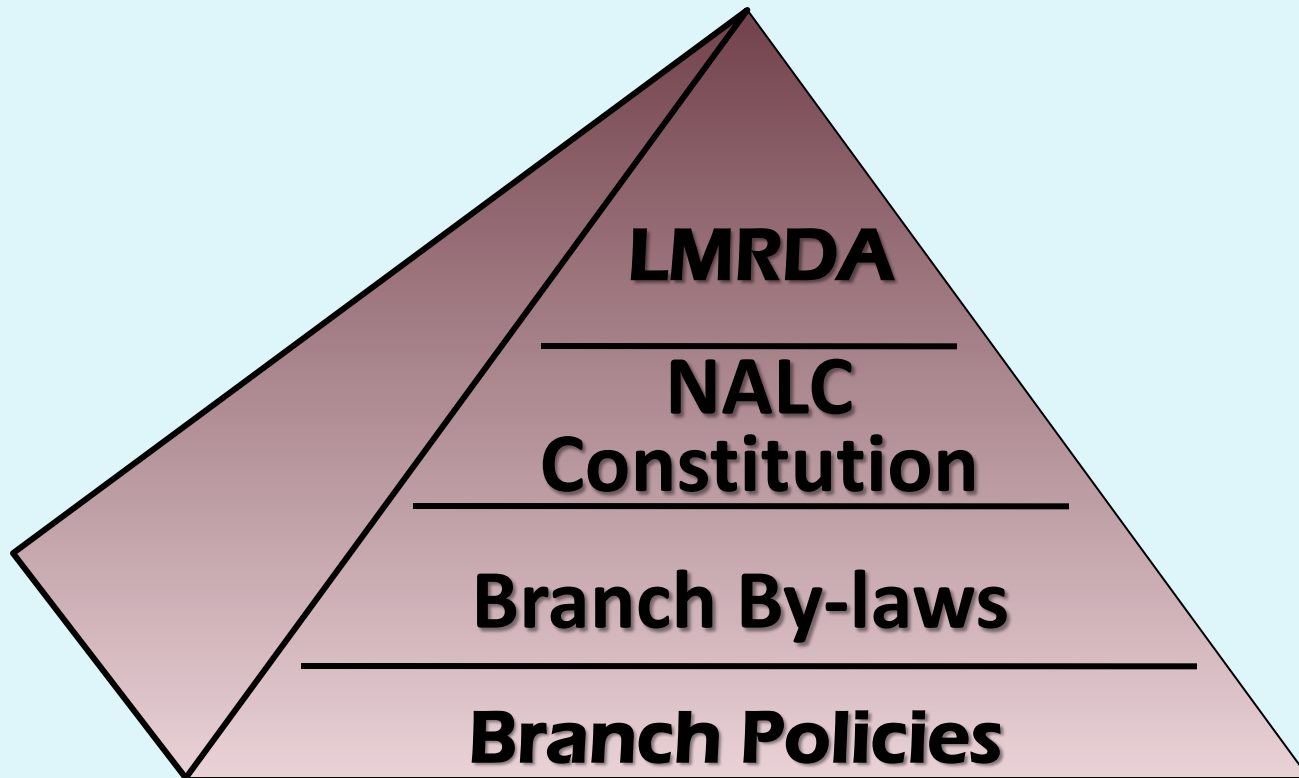
WHAT RULES?

# What are the rules and where do they come from?

- ▶ Labor-Management Reporting and Disclosure Act of 1959 (LMRDA)
- ▶ NALC Constitution (National & Branch)
- ▶ Branch By-Laws
- ▶ Branch Policies



# What are the Rules— Where do they come from?



# Membership Expectations:

What does the membership expect from you?

- ▶ Integrity
- ▶ Ethical conduct
- ▶ Leadership
- ▶ Fiduciary behavior
- ▶ Unstoppable representation
- ▶ Complete transparency



# Constitution and By-Laws

## Article 6, Duties of Officers



### President

- ▶ Is Chief Steward of the Branch and can delegate that authority to other members
- ▶ Issues warrant for semi-annual per capita tax payment to National Secretary-Treasurer, (Article 12, Section 2 – It shall be the duty of the President and Secretary to issue a warrant in favor of the National Secretary-Treasurer in payment of the semi-annual per capita tax promptly after the 1st of July and the 1st of January, respectively.) This is for direct dues paying members



# Constitution & By-Laws

## Article 6, Duties of Officers

### President

- ▶ Presides at all meetings
- ▶ Signs all warrants on the Treasurer so ordered by the membership
- ▶ Has general supervisory powers over the Branch
- ▶ Sees that all officers perform their duties
- ▶ Enforces NALC Constitution and Branch By-Laws
- ▶ Ascertains from Treasurer all money received since previous meeting
- ▶ Signs DOL Annual Report – Form LM under penalty of perjury
- ▶ Appoints Committees not otherwise provided for
- ▶ Ascertains from Financial Secretary report of amount of money received since the last meeting – confirms with Treasurer



# Constitution & By-Laws

## Article 6, Duties of Officers

### Vice President

- ▶ Presides in the absence of the President

### Recording Secretary

- ▶ Draws all warrants on the Treasurer ordered by the Branch
- ▶ Keeps the minutes of all meetings
- ▶ Attends to all correspondence of the Branch
- ▶ Advises Branch semi-annually of membership count

### Financial Secretary

- ▶ Collects dues and all money due to the Branch
- ▶ Solicits amounts due to the Branch
- ▶ Accounts for all property, investments and funds of the Branch
- ▶ Keeps membership records

# Who Does What?

## Article 6, Duties of Officers

### Treasurer

- ▶ **Receives, receipts and disburses all moneys of the Branch**
- ▶ **Pays all warrants drawn by the Recording Secretary, approved by the Branch and signed by the President**
- ▶ **Makes a report at the end of term showing receipts, disbursements and money on hand**
- ▶ **Signs DOL Annual report – Form LM under penalty of perjury**
- ▶ **Reports expenditures to the membership**

# Who Does What?

## Article 6, Duties of Officers

### Board of Trustees

- ▶ Examines the condition of the books of the officers
- ▶ Reports to the Branch at least every six months
- ▶ Have custody of all branch property

### Sergeant-at Arms

- ▶ Shall preserve order in the meetings and see that only members attend the meetings

### Health Benefits Representative

- ▶ Answer questions about NALC HBP and maintain records of receipts, disbursements and money on hand at the end of their term

# You Have Just Been Elected

- ▶ You might have good ideas, or are well liked, or you felt more grievances should have been filed on behalf of the membership - but you figured out how to get elected and now here you are.
- ▶ What do you really know about running a tax-exempt organization?
- ▶ What do you know about running a labor union?
- ▶ Unions big and small have similar issues and the Branch Officers Training is designed to help new officers better understand your branch finances and the responsibilities and obligations each of you has as an officer.

# You Have Just Been Elected – Now what?

- ▶ **What questions should branch officers be asking and whose responsibility is it to do certain things?**
- ▶ **Where is the authority to spend money and what process should be followed?**
- ▶ **What does the NALC Constitution say about your position and your responsibilities?**
- ▶ **What information should be provided to the membership; how often and in what format?**
- ▶ **Getting your hands around the branch finances**

# You Have Just Been Elected -- Now What?

- ▶ **What rules do I need to know about?**
  - IRS – tax exempt, Form 990
  - DOL – LMRDA, LM filing
  - NLRB – DFR, Organizing
- ▶ **What is expected of a Branch Officer from the federal government and the membership?**
- ▶ **What does the Community expect of you?**
- ▶ **What issues must Branch Officers be very cautious about? (e.g. medical, personal, financial information)**
- ▶ **Creating short term and long term goals**

# Ethics

- ▶ What does the membership expect from you?
- ▶ Avoiding conflicts of interest
- ▶ Being a financial leader - setting a tone at the top
- ▶ Being a good steward of the members' money
- ▶ Not letting ethical issues undercut your leadership
- ▶ Lead by example
- ▶ Sloppy financial issues = sloppy impressions
- ▶ Adopt a code of ethical practices and a conflict of interest policy





# Ethics

## What Should Be Included in a Code of Ethical Practices and Conflict of Interest Policy?

- You owe members the highest level of conduct in all leadership decisions and financial dealings
- Applies to everyone
- Fiduciary standard to protect your member's money
- Prohibited financial interests and transactions
- Limitation or prohibition on gifts and gratuities
- Includes all related organization activity
- Family and personal relationships must be disclosed
- Reporting and enforcement provisions

# Ethics

- ▶ **Recuse yourself if you have any question**
- ▶ **Ask another person for their opinion before any action is taken**
- ▶ **Insist on regular training for all officers and employees**
- ▶ **Conflicts can exist in non-financial transactions, hiring, retention, membership issues, etc.**
- ▶ **Transparency is key to ensuring ethical financial behavior**
- ▶ **Reporting potential conflict of interest**



# DOL Reporting

- ▶ **Why Did Congress Create These Rules?**
- ▶ **Labor-Management Reporting and Disclosure Act of 1959 (Landrum-Griffin Act) (the “LMRDA”) covers private sector and U.S. Postal Service employees.**
- ▶ **What is the Labor-Management Reporting And Disclosure Act of 1959?**

# DOL Reporting

## ▶ TITLE I : Member's Rights

### Bill of Rights:

Free Speech

Dues/Fees

Right to Sue

Retaliation

Enforcement

Copies of CBAs



# DOL Reporting

## ▶ **TITLE II – Reporting**

**Constitution/Bylaws**

**Annual report**

**Officers & Employees Reports**

**Employer Reports**

**Record Retention**

**Criminal Provisions**

**Required Signatures**



# DOL Reporting

- ▶ **TITLE III : Trusteeships**

  - Reports

  - Time Limit

  - Valid Purpose

  - Illegal Acts

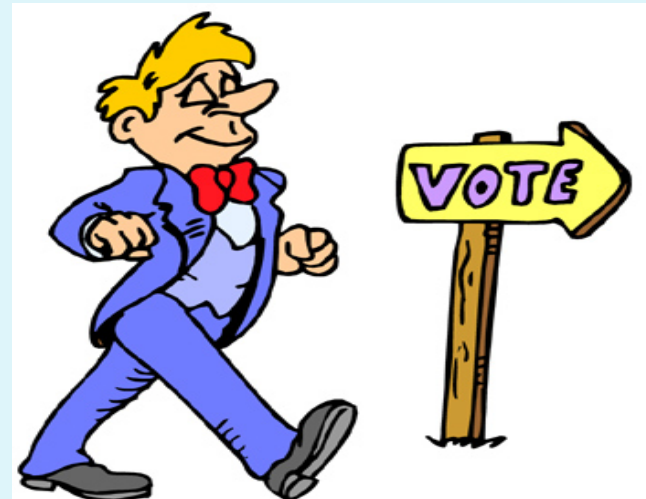
- ▶ **TITLE IV : Elections**

  - Terms of Office

  - Procedures

  - Secret Ballot

  - Enforcement



# DOL Reporting

## ▶ **TITLE V: Safeguards**

**Fiduciary**

**Embezzlement/Fines**

**Bonding 10% Rules/Fines**

**Loans/Fines**

**Office Prohibition – 13 years/fines**



# Preparing Forms LM-3 and 990

## Form LM-3

- ▶ What is an annual report?
- ▶ Who is responsible for preparing the report?
- ▶ What are the most common errors unions make when completing the LM-3?
- ▶ What do the questions on the LM-3 really mean?
- ▶ Who does the DOL consider a member?
- ▶ Who does the DOL consider an officer?
- ▶ Reporting loans and other problems
- ▶ How to complete the form?





# Preparing Forms LM-3 and 990

- ▶ How does a union properly report officer salaries and expenses?
  - ▶ When is the annual report due?
  - ▶ Who must sign the LM-3?
  - ▶ How does a union file electronically?
- 
- ▶ Form 990
  - ▶ What is the Form 990?
  - ▶ Why is it important?



# Preparing Forms LM-3 and 990

- ▶ What does tax exemption mean and why is it important?
- ▶ What policies should a union have?
- ▶ How to complete the form?
- ▶ When is the form due?
- ▶ Who must sign the Form 990?
- ▶ How does a union file electronically?



# What Am I Signing?

- ▶ You are responsible for the documents bearing your signature.
- ▶ Should you delegate your signing authority?
- ▶ Understanding what documents mean & what's on them
  - DOL Form LM-3
    - Due dates and the penalty of perjury
    - Understanding the questions
    - Understanding the numbers
    - Item 24 – Officer Payments
    - Other items to look for
    - What questions should you ask?

# What am I signing?

## B. IRS Form 990

- Due dates and extensions
- Who is required to sign this form?
- The questions
- The numbers
- Officer compensation
- What questions should you ask



## ▶ Other Documents You Are Often Asked to Sign

# Managing Branch Finances and Creating Transparency

- ▶ **Authority to spend Branch Funds**
- ▶ **Living within your means**
  - Financial prudence
  - Champagne taste and beer budget
  - Rainy day fund
- ▶ **Looking for the best deals – EVERYWHERE**
- ▶ **Is a COSTCO or BJ's membership worth the money?**
- ▶ **What reports should the EC obtain from the treasurer?**
- ▶ **Saving for a building or other large capital expenditure**
- ▶ **Avoiding unrelated business taxable income**
- ▶ **Is your Branch properly insured?**



# Managing Branch Finances and Creating Transparency

- ▶ **What is the CEDARS Program?**
- ▶ **What Disbursement Procedures should be documented in writing?**
  - Bills are received by ...
  - Bills are reviewed and initialed for processing by....
  - Warrants are presented to the membership for approval by.....
- ▶ **What receipts processing procedure should be documented in writing?**
  - Everything coming into the Branch should be receipted by....
  - NALC membership roster/listing is compared to the Branch membership records by.....
  - New member dues collections are verified by.....



# Managing Branch Finances and Creating Transparency

## ▶ Creating Transparency

- Membership meeting – what should you be distributing?
- How much is too much?
- Trustees – what information should you be sharing?
- What culture exists in your branch?
- Transparency helps prevent allegations
- Publishing financial information in a newsletter or Branch website



# Membership Issues

- ▶ How to read a branch dues roster
- ▶ How to prepare the semi-annual per capita tax
- ▶ Collection of dues/forfeiture of membership
- ▶ Form 1187
- ▶ The Reciprocal Agreement
- ▶ Transfers
- ▶ Health Plan Members
- ▶ Membership into retirement
- ▶ 50-year Members





# Fiduciary Issues and Practices

- ▶ **Petty Cash**
- ▶ **Expense Allowance Advances**
- ▶ **Branch Credit Cards**
- ▶ **Branch Cell Phones**
- ▶ **Branch Equipment (computers, cameras, copying machines, etc.)**
- ▶ **Raffle Tickets**
- ▶ **Travel expense issues**
- ▶ **Airline Rebates and Frequent Flyer Miles**
- ▶ **Gifts from Vendors**
- ▶ **Conflicts of Interest**
- ▶ **Nepotism**
- ▶ **Election Issues**

# Payroll and Wage Issues

- ▶ **Who is an Employee?**
  - Officers and Stewards
  - Branch members and others
- ▶ **What is an Independent Contractor?**
- ▶ **Outsourcing or Doing Payroll Yourself**
  - What makes the most sense?
  - Budgetary vs Compliance Considerations
- ▶ **Establishing Controls Over Payroll Processing**



# Payroll and Wage Issues

- ▶ **Dealing with Payroll Taxes, Withholdings and Immigration Rules**
  - Remitting payroll related items
  - Unemployment Compensation Insurance
  - Immigration Forms
- ▶ **Are Salaries Properly Authorized**
  - What do the bylaws say?
  - What do your minutes say?

# Payroll and Wage Issues

## ▶ Documenting Leave Policies

- What gets paid and what doesn't?
- Does your branch allow unlimited carryover?

## ▶ Paying Wages Correctly

- Verifying pay rate and hours actually lost
- What records are required to be maintained
- Is there an easier way? Assignment or attendance time



# Travel, Reimbursements and Per Diem Payments

## ▶ The importance of a written policy

- Direct reimbursements
- Credit card charges
- Per Diem



## ▶ Establishing an Accountable Plan according to the IRS

- Business purpose
- Must account for expenses incurred
- Must return any excess advances

# Travel, Reimbursements and Per Diem Payments

- ▶ **What Do Your By-Laws Say? What Should They Say?**
- ▶ **Dealing With Common Expenses and What to Watch**
  - Lodging
  - Meals and Alcohol
  - Transportation and related costs
  - Entertainment, spousal and non-union related expenses



# Travel, Reimbursements and Per Diem Payments

## ▶ Paying Per Diem Properly

- Overnight Stay
- Expectation that expense will be incurred
- Where can you get into trouble?



## ▶ Maintaining Proper Records and Substantiation

## ▶ Can I Keep the Points Earned on My Credit Card?

# Handling COLCPE and MDA Funds

- ▶ **What are these funds? How are they the same and how are they different?**
  - COLCPE
  - MDA
- ▶ **What are the Federal Election Commission Rules for handling COLCPE funds?**
  - Collection
  - Transfer
  - Name Identification
- ▶ **What activities are permissible for raising COLCPE funds?**





# Handling COLCPE and MDA Funds

- ▶ **How To Properly Transmit COLCPE funds to Headquarters**
  - Where to Deposit COLCPE Money
  - Using Money Orders vs Branch Check
  - What Information Must you Include
  
- ▶ **Reporting COLCPE Funds on DOL Form LM-3**
  - Question about Political Action Committees?
  - Are COLCPE funds reportable to the DOL?



# Handling COLCPE and MDA Funds

- ▶ **What Activities are permitted for Raising MDA Funds?**
- ▶ **State and Local Issues Surrounding MDA Activities**
  - **What Does Your State Require to Solicit Money?**
  - **Bingo and Casino Nights**
- ▶ **Reporting MDA Funds on your DOL Form LM-3**
- ▶ **How To Properly Transmit MDA Funds**



# Internal Controls

- ▶ **Internal controls are processes designed to provide reasonable assurance that the assets of the local union are safeguarded and that all receipts and disbursements are accounted for properly**
- ▶ **What is the purpose of having Internal Controls?**
  - **To maintain effective and efficient accounting processes designed to safeguard assets.**
  - **To ultimately ensure the quality of the financial information.**
  - **To ensure compliance with both your internal accounting policies and all Federal and State laws.**

# Internal Controls

- ▶ **Why Are Internal Controls So Important?**
  - They help avoid fraud or abuse of officers, employees, vendors and others.
  - They help ensure compliance with the local union by-laws and accounting policies.
  - They help protect the local union cash and fixed assets.
  
- ▶ **Internal Financial Controls prevent, or at least deter, the misuse or embezzlement of funds**
  - Separation of functions and responsibilities
  - Two original signatures – no signature stamps
  - Make regular, frequent deposits of dues
  - Require prior authorization

# Internal Controls

## ▶ Internal Controls Do Not:

- Guarantee fraud will not occur
- Guarantee errors will not occur
- Guarantee officers will abide by controls
- Guarantee fraud will be detected
- Guarantee errors will be detected
- Guarantee collusion will not occur or that staff will follow controls



# Fraud Prevention and Detection

- ▶ Does the labor movement have a problem?
- ▶ 70% of all frauds were committed by people working in one of 5 departments: accounting, operations, executive suite, upper management and purchasing
- ▶ Common Frauds Today
  - ▶ Expense Reimbursements
  - ▶ Purchasing Fraud
  - ▶ Personal purchases using union credit cards or assets



# Fraud Prevention and Detection

## ▶ Some Common Signs of Fraud

- The employee gives photocopies of receipts, not originals
- The employee can't find receipts for charges on the company credit card
- The A/P clerk wants to personally mail vendor payments
- An employee wants to hand-deliver payments
- Vendor invoices show a P.O. Box as the address and there is no phone number or website reference



# The Fraud Triangle

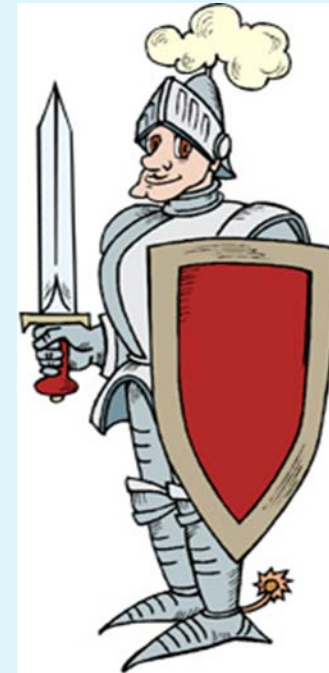
- Motivation
- Rationalization
- Opportunity





# Fraud Prevention and Detection

- ▶ **Steps to prevent fraud**
- ▶ **Steps to detect fraud**
  - **Timely bank reconciliations**
  - **President's review of bank statements**
  - **Effective Trustees**
  - **Adopt a budget**



# Auditing Branch Records

- ▶ Does the labor movement have a problem with officers and employees stealing?
- ▶ What are Trustees responsibilities under the law?
- ▶ How to best prepare to audit the branch records?
- ▶ What tools and resources are available to assist Trustees in audit of branch?
- ▶ Steps to review the propriety of all branch disbursements?



# Auditing Branch Records

- ▶ **When and where should Trustees make their report?**
- ▶ **What documents should Trustees request when conducting a Branch audit?**
- ▶ **How should Trustees handle issues and concerns successfully?**
- ▶ **How should the Trustees establish all bank accounts owned by the Branch?**
- ▶ **What should the Trustees verify regarding the filing of Form LM-3 and Form 990?**



# Auditing Branch Records

- ▶ **What can be done to ensure branch receipts are complete and deposited properly?**
- ▶ **How to keep tabs on branch assets?**
- ▶ **How to make sure your branch officers are adequately bonded under the law?**
- ▶ **What tips and techniques can help Trustees fulfill their responsibilities?**
- ▶ **How should Trustees work with other Branch officers?**

# Auditing Branch Records

- ▶ How long should Branch records be retained?
- ▶ How should a Trustee audit wrap up?
- ▶ What should a Trustee report look like?
- ▶ What are some do's and don'ts regarding Branch finances?
- ▶ How to prevent your Branch from becoming a victim?
- ▶ What internal controls should your Branch have in place?
- ▶ How to manage common financial problems in Branch operations?



# Branch Planning and Budgeting

- ▶ **Why planning and budgeting is important**
- ▶ **Creating planning and budget committees**
- ▶ **Determining the branch's strengths and weaknesses**
- ▶ **Forming short and long term goals**
- ▶ **Establishing priorities**
- ▶ **Developing a strategic plan**
- ▶ **Preparing a budget that fits the branch's strategic plan**



# What Policies Should Your Branch Have?

- ▶ Policies for processing payments for goods and services
- ▶ Use of Branch credit cards
- ▶ Paying lost time or attendance fees
- ▶ Reimbursed expenses and travel expense policy
- ▶ Mileage and automobile expense policy
- ▶ Travel advance and per diem policy
- ▶ Policy on adding a new officer or employee to the Branch payroll
- ▶ Policy covering how to earn and use vacation, sick and other leave





# What Policies Should Your Branch Have?

- ▶ **Officer and employee compensation policy**
- ▶ **Policy on benefits provided to Branch officers and employees**
- ▶ **Conflicts of Interest Policy**
- ▶ **Whistleblower Policy**
- ▶ **Record Retention and Destruction**
- ▶ **Grievance and Arbitration policy**
- ▶ **Steward pay and expense reimbursement**
- ▶ **Convention delegate per diem policy**
- ▶ **Mileage Reimbursement Policy**



# Questions You Should Be Asking As An Officer

## ► Insurance Questions

- Do you rent or own your space?
- Do you have renter's insurance or insurance on the property?
- Have you reviewed the insurance policies, the coverage and expiration dates?
- What is Unemployment Compensation Insurance and is it required?



# Questions You Should Be Asking As An Officer

## ▶ Questions About Financial Reporting

- Does the most recent financial report appear complete?
- Are there bank accounts you located that are not reported?
- Do you understand the money coming in and going out?
- Are internal reports prepared by hand or printed from a computer?
- Ask to receive a listing of cash disbursements for the last 3 months and familiarize yourself with the names
- What is shown to the membership - is this transparent enough?
- Is a listing of all disbursements available for membership review at meetings?
- Does the Branch Have an outside accountant?

# Questions You Should Be Asking As An Officer

## ▶ Other Areas to Ask About

- Do office keys need to be changed?
- Did former officer provide all records or are some missing?
- Did the Treasurer provide an accounting of receipts and disbursements during his/her term and provide a listing of moneys held at the end of their term of office?
- Was the Form LM and Form 990 filed on time last year?

# Running A Branch Meeting

- ▶ **What makes a good meeting?**
- ▶ **Is there a lack of attendance?**
- ▶ **Is there a quorum?**
- ▶ **Setting the agenda**
- ▶ **Order of business**
- ▶ **What makes a good meeting chair?**
- ▶ **Basic rules**
- ▶ **Recording Secretary's role**
- ▶ **Basic motion guidelines**



# Why Minutes Matter



- ▶ **Memorialize decisions**
  - Accurately capture what happened at the meeting
  - Motions and Approvals
  
- ▶ **They are your only protection years from now – who can possibly remember those details?**
  
- ▶ **Concerns about Minutes**
  - Word for Word – Keeping transcripts
  - Missing the mark - Overly brief
  - Reflect action items and language that protects the branch – just right
  
- ▶ **Benefit of maintaining files electronically to aid searches**

# Why Minutes Matter

- ▶ **Extract decision pages for reference in policy manual**
- ▶ **Proving a quorum and attaching evidence**
- ▶ **Financial authorizations and approvals**
  - **Salaries**
  - **Per diem and expense reimbursements**
  - **Travel authorizations**
  - **Convention matters**
  - **Contributions and donations**
  - **Branch employee salaries and benefits**
  - **Recurring and non-recurring Branch expenditures**



# Member Notification Requirements

- ▶ **Special meetings**
- ▶ **Nominations & Elections**
- ▶ **By-Law amendments**
- ▶ **Acceptable notifications**





# Branch Elections – Best Practices

- ▶ **Who must be elected**
- ▶ **Timing of elections**
- ▶ **Eligibility**
- ▶ **Proper notification**
- ▶ **Nomination process**
- ▶ **Nomination and Election Committee duties**
- ▶ **Campaigns – what allowed, what's not**





# Branch Elections – Best Practices

- ▶ **General election rules**
- ▶ **Voting:**
  - **At Meetings**
  - **At Work Locations**
  - **By mail**
  - **Absentee**
- ▶ **Counting Ballots**
- ▶ **Reporting Results**
- ▶ **Challenges and Appeals**
- ▶ **Election record retention**

# Electronic Recordkeeping

## ▶ Electronic Recordkeeping Overview

- Labor unions often establish electronic storage systems to preserve records that they maintain in accordance with the LMRDA.
- An electronic storage system is a system to prepare, record, transfer, index, store, preserve, retrieve, and/or reproduce records.
- The union's electronic storage system may be used to store documents and records that were originally created in an electronic format, as well as documents and records that were originally created in paper and then converted to an electronic format.



# Electronic Recordkeeping

- ▶ **You Can Toss Paper Records After An Electronic Version Is Created If You:**
  - **Develop a written records management policy**
  - **Test the records for legibility and accessibility**
  - **DOL does not recommend any particular system**
  - **Requirement to maintain all records under the LMRDA apply to paper AND electronic records**



# Electronic Recordkeeping

## ▶ DOL Suggests Your Policy Covers:

- How will records be labeled, identified, and located?
- What are the secure storage environment requirements for the records?
- How are back-up copies of electronic records maintained and archived?
- Are the records to be stored offsite, and, if so, what arrangements will be made for this?
- What are the life cycle, retention, and destruction/preservation requirements for the records?
- What are the testing requirements to ensure the legibility, accessibility, and integrity of electronic records?



# Electronic Recordkeeping

- ▶ **What are the requirements to retain records that are illegible or cannot be accurately or completely transferred to an electronic storage system?**
- ▶ **Electronic General Standards**
- ▶ **Electronic Indexing Standards**
- ▶ **Electronic Legibility Standards**
- ▶ **Destruction of Original Documents**



Policies

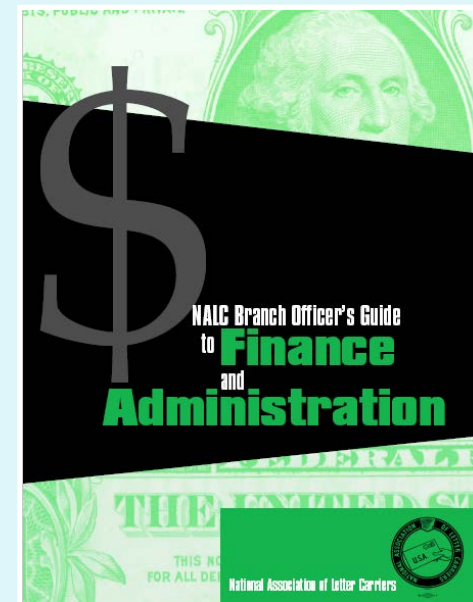
# Constitution & By-Laws

- ▶ **Common issues with Branch By-Laws**
- ▶ **How to amend Branch By-Laws**
- ▶ **Why is my language in conflict?**
- ▶ **The role of the Committee of Laws**



# Other Tips For The New Officer

- ▶ Read the LMRDA and learn what it says
- ▶ Give every new officer the DOL Guidelines for New Officers
- ▶ Put all policies in writing
- ▶ Keep copies of important membership decisions in a separate file for easy location, if needed
- ▶ Don't reward bad behavior – force everyone to follow the rules.
- ▶ Make sure you have the right bond for those who handle union funds



# Questions?

