

# Internal Financial Policy Memorandum for NTEU Chapter 344

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NTEU Chapter 344

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## **I Purpose**

1. NTEU Chapter 344 (henceforth referred to as “the Chapter”) has financial assets which are the joint property of its members. The use of these assets is governed by the Chapter’s bylaws which grant the Executive Board broad authority to manage the Chapter’s finances. This nonbinding memorandum is intended to establish and communicate norms of appropriate behavior for managing the Chapter’s finances and to ensure that the membership has an opportunity to provide input into the Chapter’s financial management practices.

## **II Spending money**

1. The bylaws grant the Executive Board the authority to authorize expenditures of Chapter funds, making a distinction between expenditures over and under \$250. They provide in relevant part:

**Part VI, Section 4. Spending Powers.** The Chapter Executive Board shall have jurisdiction over all matters not specifically reserved to the members, and shall have authority to authorize necessary Chapter expenditures over \$250.00, and establish procedures for payment of authorized Chapter expenditures over \$250.00.

### **II.A Expenditures over \$250**

2. Expenditures over \$250 must be approved by a formal vote of the Executive Board. One member of the Executive Board must make a motion to approve the expenditure, and another member must second the motion. The motion must then be approved by a simple majority of the Executive Board. Some written record of the outcome of the vote should be kept, such as in the minutes of a board meeting, a vote by email, or a post-vote email sent to all Executive Board members.

3. Notice of total expenditures, and total expenditures by category, will be provided to the membership via the Treasurer's report at the next regular meeting of the Chapter. The Executive Board may also choose to provide notice of such expenditures in advance of the meeting, but this is not required. Individual expenditures will not typically be shared with the membership because some are sensitive (e.g., arbitration of an individual's grievance).

4. Some approvals may be made in the abstract for a class of expenditures, such as for potential grievances or for the payment of a recurring expense. In these cases, the Executive Board should still vote to approve the class of expenditures, and the amount approved for that class, if individual expenditures within the class will exceed \$250.

5. Multiple payments made for the same product or service in the same month should be considered a single expenditure for the purposes of this policy. For example, if the Chapter pays \$300 to MailChimp for newsletter services for the month of January split across three separate \$100 billings, this is an expense over \$250. However, if the Chapter pays \$100 to MailChimp for January, \$100 for February, and \$100 for March, this is three expenses under \$250.

6. Approval may be determined after the fact if an expenditure was reasonably believed to be under \$250 but ended up being over \$250 (e.g., pay as you go services).

### **II.B Expenditures up to \$250**

7. The bylaws imply that expenditures \$250 and under do not require a vote of the Executive Board. We understand that the President may authorize such transactions unilaterally.

8. Nevertheless, authorization is made by unanimous consent when practicable. I.e., the Treasurer will be authorized to make a payment if the class of expenditures is proposed by a member of the Executive Board (including the Treasurer) and no one objects to the proposal. For example:

**The Treasurer may** proceed with payments for domain registration if they proposed to the Executive Board to make necessary payments for website expenses and there were no objections to that proposal, because domain registration is reasonably part of the Chapter's website expenses.

**The Treasurer may not** proceed with payments for sweatshirts if they proposed to the Executive Board to make necessary payments for website expenses and there were no objections to that proposal, because sweatshirts are not reasonably part of the Chapter's website expenses even if the merchandise is intended for sale on the Chapter's website.

9. If an objection to a proposed expenditure under \$250 is raised by a member of the Executive Board, the President will make a determination as to whether the expenditure is permissible.

10. We will not typically keep written records of approvals for expenditures less than \$250, but the Treasurer must keep a record of the expenditures and their purpose in the Chapter's financial records. The Executive Board always has access to these records.

## **II.C Special expenditures**

11. All expenditures are covered by the previous two cases. However, some expenditures require special additional considerations.

### **II.C.1 Election expenses**

12. **Reasoning.** The Chapter bylaws do not exempt election expenses from approval by the Executive Board. However, the Chapter's elected officers are expected to minimize their involvement in the election process. The Executive Board should thus generally defer to the Committee on Elections and Nominations ("Election Committee") on election-related spending.

13. The election committee will propose a budget for the election process to the Executive Board. This budget will include approximated expenses related to the election, such as printing ballots, postage, and any other costs associated with the election. The Executive Board will vote to approve this budget along with an additional buffer of 20% of the total requested amount. After approval of the election budget by the Executive Board, the Election Committee is authorized to expend funds in a manner consistent with that budget. The Chair of the Election Committee shall report to the Treasurer on a monthly basis as to the total expenditures incurred in the prior month and estimated total expenditures anticipated to be incurred in the coming month. At the time of this report, the Chair of the Election Committee should raise with the Treasurer any concerns regarding the overall budget and the Election Committee's maintenance of expenditures consistent with the budget.

14. The budget should be approved unless it is clearly excessive or involves expenses not reasonably related to conducting the election.

### **III Holding assets**

1. The bylaws grant the Executive Board the authority to approve depositories of chapter funds and approve the withdrawals of funds from these depositories into a petty cash fund. The relevant section of the bylaws is reproduced below.

**Part VII, Section 4 (E).** The Treasurer's duties shall be:

1. to receive and deposit all funds of the Chapter in a depository approved by the Executive Board;
2. to make payments from funds as authorized by the President or Executive Board, maintain a petty cash fund in an amount as determined by the Executive Board, and prepare and sign checks for such purposes as required by these Bylaws or as authorized by the Executive Board;
3. [...]

#### **III.A Accounts**

2. The bylaws state that any accounts which hold Chapter funds must be approved by the Executive Board. In practice, all such accounts will be held in the name of the Chapter. The statements for these accounts will be sent to the Treasurer, who will keep them in the Chapter's financial records. The Executive Board may see these statements at any time, upon request.

##### **III.A.1 Checking account**

3. The Chapter will maintain a checking account. The Treasurer and at least one other member of the Executive Board will have checks.

4. Dues payments, donations, and other income will be deposited into this account either directly or as directly as practicable. The transactions in this account will be the primary financial record of the Chapter. The Treasurer will keep a record of all transactions in this account, including deposits, withdrawals, and transfers.

5. This paragraph serves as a written record of the Executive Board's approval of the Chapter's maintenance of a checking account at American Express National Bank. The Executive Board may vote to change the Chapter's checking account or open an additional account at any time.

##### **III.A.2 Investment account**

6. **Reasoning.** Investing the Chapter's funds allows them to grow over time, which can help the Chapter ensure its financial stability and support its activities in the long term. The Chapter's investments are tax exempt under 501(c)(5) of the Internal Revenue Code, which allows labor organizations to invest in a broad-based index fund without incurring taxes on investment income.

7. The Chapter may maintain an investment account to invest in a broad-based index fund<sup>1</sup>

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<sup>1</sup>Note that indices vary in risk, fees, and appropriateness as vehicles for chapter investment.

such as VTI or FZROX.

8. An interim board may approve an investment amount up to \$150 per week. A board may approve any investment amount if the majority of its members are elected.

9. The Treasurer can log into the account to ensure that the funds are invested according to the schedule approved by the Executive Board as well as pause or reduce investments if necessary to maintain availability of funds for other approved expenditures (i.e., approved expenses take priority over approved investments).

10. To maintain simple accounting, funds should not be withdrawn from an investment account to any account other than the Chapter's primary checking account. Exceptions may be made by vote or unanimous consent of the Executive Board. The Treasurer will keep track of any such approved transaction and inform the designated auditor at the next audit.

11. Under no circumstances will the Chapter invest in the stock of individual companies or sector funds.

12. This paragraph serves as the written record of the Executive Board's approval of the Chapter's maintenance of an investment account at Fidelity Investments. The Executive Board may vote to change the Chapter's investment account or open an additional account at any time.

### **III.A.3 Petty cash fund**

13. At time of writing, the Executive Board has not approved a petty cash fund for the Chapter. However, the Executive Board may approve a petty cash fund at any time by vote or unanimous consent. The amount of the petty cash fund will be determined by the Executive Board.

## **IV Audits**

1. The Chapter's financial audit will be conducted according to Chapter 6 of the chapter administration manual (Appendix V.B).

2. The Chapter's financial records will be audited at least once per year by a designated auditor from the membership. The auditor will be appointed by the Executive Board and must not be a member of the Executive Board. The auditor will review the Chapter's financial records, including bank statements, invoices, and withdrawals from investment accounts to ensure that they are consistent with the Chapter's bylaws and this memorandum of understanding.

3. Ideally, the auditor will be appointed well in advance of the audit so that they can be kept in the loop on the Chapter's financial activities.

## **V Appendix**

### **V.A Definitions**

1. Definitions of terms should be taken from the Chapter's bylaws unless otherwise specified. The following terms are redefined for the purposes of this memorandum of understanding.

**President** The President of NTEU Chapter 344 or the Executive Vice President if the Executive Board has appointed them to act as co-signer of checks in place of the President.

**Treasurer** The Treasurer of NTEU Chapter 344 or the Executive Vice President if the Executive Board has appointed them to act as co-signer of checks in place of the Treasurer.

**ANNUAL  
AUDIT CERTIFICATION**

# ANNUAL AUDIT CERTIFICATION

- Article IV, Section 7 of the NTEU Constitution requires that each chapter file an Annual Audit Certification with the NTEU National office.
- The Annual Audit Certification must be filed according to the following schedule:

Fiscal Year	Audit Certification
<u>End Date</u>	<u>Due Date</u>
9-30-23	3-31-24
12-31-23	6-30-24

Note: Certification due six (6) months after close of the chapter's fiscal year.

- Completed Audit Certifications should be sent to:

NTEU Administrative Controller 800 K Street, NW - Suite 1000 Washington, DC 20001-8022
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- The audit must include a reconciliation of income to the chapter by examining original chapter bank statements, NTEU Headquarter's disbursements to the chapter, and chapter expense disbursements.
- At a minimum, the following must be audited:
  1. Petty cash
  2. Bank reconciliations
  3. Expense disbursements, invoices and receipts
  4. Cancelled checks
  5. Listing of all payments to the chapter by the NTEU National office.
- The auditor(s) must be selected by the chapter's Executive Board.
- If the audit is not completed, an audit will be required to be done by an outside audit firm with all costs being borne by the chapter. Chapters receive numerous notices before this sort of action is taken.
- A Sample Audit Planner appears on the next two pages. Though not required to use the planner, it may be a useful planning tool for the chapter.



# **SAMPLE AUDIT PLANNER**

<u><b>AUDIT ACTIVITY</b></u>	<u><b>DATE COMPLETED</b></u>
<input type="checkbox"/> Chapter's Executive Board selects Auditor(s).	
<input type="checkbox"/> Review Article IV, Section 7 of the NTEU Constitution & Bylaws.	
<input type="checkbox"/> Review most recent audit report and LM annual financial report.	
<input type="checkbox"/> Schedule and conduct initial meeting with principal financial officers to arrange for conducting the chapter audit.	
<input type="checkbox"/> Determine timeframes for chapter audit.	
<input type="checkbox"/> Notify principal financial officers and chapter president of audit starting date and the financial records needed.	
<input type="checkbox"/> Review expense disbursements, invoices and receipts.	
<input type="checkbox"/> Review chapter disbursement listing identifying all payments to the chapter by the NTEU National office.	
<input type="checkbox"/> Review bank reconciliations.	
<input type="checkbox"/> Review petty cash.	
<input type="checkbox"/> Review cancelled checks.	
<input type="checkbox"/> Examine assets.	
<input type="checkbox"/> Confirm latest LM annual financial reporting.	
<input type="checkbox"/> Review record keeping process.	
<input type="checkbox"/> Review bonding coverage and level.	
<input type="checkbox"/> Loan analysis completed. DOL directs that a union may not have outstanding loans to any one officer, employee, or member that at any time in total exceeds \$2,000.00.	
<input type="checkbox"/> Annual Audit Certification completed.	
<input type="checkbox"/> Send Audit Certification to the Administrative Controller at the NTEU National office. Note date sent on file copy.	

## REMINDER

January 22, 2024

## MEMORANDUM

TO: Chapter Presidents

RE: Certification of Chapter Audit — FYE 23

In accordance with Article IV, Section 7 of the *NTEU Constitution*, the audit certification for the chapter is due to the NTEU National Office on the following schedule:

<u>Chapter's FYE</u>	<u>Audit Certification Due</u>
9/30/23	3/31/2024
12/31/23	6/30/2024

A blank audit certification form is attached for your convenience. Please submit the completed certification to the attention of the NTEU Administrative Controller.

Doreen P. Greenwald  
National President

Attachment

**CERTIFICATION OF FYE \_\_\_\_\_ CHAPTER AUDIT**  
**(Please fill in your fiscal year-end date)**

Chapter \_\_\_\_\_ Agency \_\_\_\_\_ Location \_\_\_\_\_

I certify that an audit was completed of the books and records of NTEU Chapter No. \_\_\_\_\_.  
The records noted with an (X) below were audited:

\_\_\_\_\_ Petty cash  
\_\_\_\_\_ Bank reconciliations  
\_\_\_\_\_ Expense disbursements, invoices, and receipts  
\_\_\_\_\_ Cancelled checks  
\_\_\_\_\_ Listing of all payments to the chapter by NTEU National Office

Chapter expenses were audited for verification of proper documentation.

COMMENTS (if applicable; attach additional pages if necessary):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please print)

Address: \_\_\_\_\_  
\_\_\_\_\_

( ) I am not a current elected officer or steward of NTEU Chapter \_\_\_\_\_.

The audit must be completed no later than six months following the close of the chapter's reporting year. Please forward this certification by the due date to:

NTEU Administrative Controller  
800 K Street, NW - Suite 1000  
Washington, D.C. 20001  
Fax #: 202-572-5644