



# NST ADVISOR

## Reimagining AFGE

*Looking Forward with  
Accountability*

Spring 2021 Edition





# Message from National Secretary-Treasurer Eric Bunn, Sr.



Greetings, my fellow AFGE Brothers and Sisters! Springtime is now upon us and it is a time of renewal. The grass begins to grow and the flowers bloom with a burst of colors. This is an exciting time as we emerge from a long winter.

This is also a time of renewal and hope for Government workers. By working together, we survived the long winter of attacks by the previous administration. We helped to mobilize our members and the country to elect President Joe Biden. As a result, President Biden has offered a lifeline to labor by signing Executive Orders that reverse anti-union policies; promote non-discriminatory and biased practices; and provides increased pay to federal workers and seeks to restore common sense and decency in the workplace. Likewise,

AFGE and its affiliates should look at this time of renewal to **re-imagine AFGE** financially with standards and accountability to ensure our financial houses are in order.

On the National level, we have had some difficult conversations about the finances of the Federation. This is to ensure that we are positioned nationally to continue the push for our members. However, the same sobering conversations must be had the local level. As members have demanded financial transparency from the national leaders, we must also demand the same accountability of our local leaders. We must stop wasteful spending and implement sensible financial policies and procedures.

To assist in that effort, this edition of the NST Advisor is dedicated to helping locals accomplish this goal by helping them understand what Per Capita Tax is and its importance to the Federation. We will also explain the various ways of collecting Per Capita Tax and the consequences of affiliates not paying their Per Capita Tax. Most importantly, we want to ensure that our affiliates are prepared for an audit by either, the Department of Labor or AFGE.

To ensure that AFGE is a force in the labor movement, we must remain strong financially. We can't continue to operate as we have in the past. We must re-imagining what AFGE can be and work diligently to accomplish that future.

A handwritten signature in blue ink, appearing to be 'EB', with a long horizontal line extending to the right.

Eric Bunn, Sr.  
National Secretary-Treasurer



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# CONGRATULATIONS DR. ARLA BENTLEY!



Dr. Arla J. Bentley, Deputy Administrator to the National Secretary-Treasurer, has been selected as one of the **2021 Maryland's Top 100 Women** by the Daily Record! More than 350 nominations were submitted, and two rounds of judging determined that Dr. Bentley stood out from the crowd.

This year's Maryland's Top 100 Women are navigating Maryland businesses through extraordinary times. They are defining the new normal while also leading their teams from survival to success," said Suzanne Fischer-Huettner, group publisher of The Daily Record. "In addition, this year's honorees are actively involved in their communities while also mentoring the next generation of leaders. We at The Daily Record are pleased to honor them.»

"Outstanding achievement and a commitment to excellence are two of the many attributes that describe this year's Maryland's Top 100 Women honorees. They are leaders in their professions and always find time to give back to their communities in meaningful ways," said Suzanne Fischer-Huettner, group publisher of The Daily Record. "Our Top 100 Women make it a priority to mentor the next generation. The Daily Record is honored to celebrate their many accomplishments.»

Maryland's Top 100 Women was founded in 1996 to recognize outstanding achievements by women demonstrated through professional accomplishments, community leadership and mentoring. "I am beyond humbled and honored to receive this prestigious recognition. It is my mantra to be of service to all who need assistance," said Dr. Bentley.

Dr. Bentley wears many hats. As the Deputy Administrator to the AFGE National Secretary-Treasurer, she helps federal workers from various agencies and is responsible for overseeing a multi-million-dollar budget, as well as facilitating fiduciary compliance for approximately 1,000 AFGE local affiliates with the Department of Labor (DOL) and Internal Revenue Service (IRS).

"Dr. Bentley is one of our most valued employees and she is consistent in her quest to assist those who need help," said AFGE National Secretary-Treasurer Eric Bunn, Sr. "As the National Secretary-Treasurer, I experience her tenacity and brilliance daily and for that I am truly grateful."

Dr. Bentley is also the presiding president of Alpha Kappa Alpha Sorority, Incorporated, Xi Sigma Omega Chapter – the oldest sorority of the historically Black sororities – of which Vice President Kamala Harris is a member.

Through her sorority, she has made an impact on the lives of Maryland residents – and even others on the other side of the world. Under her leadership, the chapter



won the 2020 Humanitarian Award with the Lions Club for its humanitarian work (past winners include international luminaries like Doctors Without Borders, President Jimmy Carter, and Mother Theresa).

Her chapter provided scholarships to college-bound students, donated to local Historically Black Colleges and Universities, helped high school students with the college application and scholarship process, donated thousands of new and used shoes to Soles4Souls, donated blankets and toiletries to local shelters, shipped hundreds of personally made clothes to Haiti and Africa, and partnered with a local refugee organization to provide resources.

“How were these remarkable community-based endeavors possible? The 100 + members of her chapter were mentored and supported by the exemplary leadership tenaciously exhibited by Dr. Bentley,” said AKA member and Clinical Psychologist Teresa Grant. “She communicated her vision and empowered her members through her passion for service.”

Dr. Bentley said mentoring others is how she helps others to lengthen the footprint of service.

“Fighting for those who are unable to fight for themselves will be how I live my life. It’s more than a duty, it’s a calling,” she explained. “My 25 years at AFGE has helped to shape my viewpoint about ensuring that the underserved get the opportunity to rise, shine, and be productive within their fields in a fair and equitable manner.”



***On behalf of myself and the entire NST Department, Congratulations Dr. Arla Bentley on this well-deserved prestigious recognition.***



# What is Per Capita Tax (PCT)?

by Omar Arnold, Field Accountant//Trainer

The technical answer is that PCT is the portion of membership dues paid to AFGE Headquarters to be used as allocated by the AFGE Constitution and other mandates by membership via the National Executive Council (NEC). The real answer is that the \$20.91 per month for non-insured locals and \$21.96 for insured locals allows AFGE to fulfill its mission to the membership through investments in people, programs, and actions.

AFGE PCT falls into one of two categories, dedicated funds and general funds. Dedicated funds are amounts that must be set aside for specific purposes per the AFGE National Constitution. They are set aside to ensure that the committees, programs, and departments that receive allocations are guaranteed funding regardless of the financial condition of AFGE. As stated in Article XXIV, Section 1(b) of the AFGE National Constitution, the dedicated funds of the member's monthly per capita tax payment break down as follows:

| Appropriation Amount | Dedicated Funds                    |
|----------------------|------------------------------------|
| \$0.10               | Computer Fund                      |
| \$0.11               | Contingency Fund                   |
| \$0.28               | Organizing and Bargaining          |
| \$0.03               | Legal Defense Fund                 |
| \$0.07               | Women's Department                 |
| \$0.30               | Membership and Organizing          |
| \$0.20               | Technology                         |
| \$0.48               | Media and Communication            |
| \$0.02               | Strike Fund                        |
| \$0.59               | Education                          |
| \$1.24               | Legislation                        |
| \$0.15               | Fair Practices                     |
| \$0.03               | Coordinators                       |
| \$0.33               | District Organizing                |
| \$0.76               | AFL-CIO State affiliations         |
| \$0.05               | Y.O.U.N.G. (Annual)                |
| \$0.08               | Savings                            |
| \$0.04               | Political Education                |
| \$0.45               | Defense Conference                 |
| \$0.01               | Firefighters                       |
| \$0.01               | Law Enforcement Steering Committee |
| \$0.01               | Hispanic Coalition                 |
| \$0.01               | Nurses Committee                   |
| \$0.02               | Conflict Resolution Program        |
| \$0.08               | National Building Fund             |
| <b>\$5.45</b>        | <b>Total Dedicated Funds</b>       |

| Appropriation Amount | Operational Budget Appropriations               |
|----------------------|-------------------------------------------------|
| \$0.21               | National President                              |
| \$0.08               | National Secretary Treasurer                    |
| \$0.06               | Women's and Fair Practices                      |
| \$0.63               | Districts                                       |
| <b>\$0.98</b>        | <b>Total Operational Expense Appropriations</b> |
| <b>\$6.43</b>        | <b>TOTAL APPROPRIATIONS</b>                     |





The remaining \$14.48 are general funds that pay for positions such as the Finance Department, the Office of the General Counsel, Human Resources, and support staff. General funds are directed by the NEC to enhance the quality of service of AFGE. These include initiatives such as funding for mobilization efforts, organizing, better compliance with DOL and IRS regulations, or other initiatives that the NEC deems important to AFGE.

As you can see, PCT is vital to the operations and existence of AFGE. PCT covers salaries, utilities and supplies necessary to maintain critical programs. Therefore, payment of PCT is monitored closely. As stated in Article XXIV, Section 6 of the AFGE National Constitution, failure to pay dues by a local for more than 90 days can lead to suspension of local officers responsible for the arrearage and local dues money being re-directed to the National Office.

There are four ways for PCT to be collected by the National Office: monthly billing, the Tape Process, Net-To-Local, and E-Dues.

#### Monthly Billing

Monthly billing is exactly what it says, based on the membership levels listed in My Local, your local is billed its PCT amount on the 1<sup>st</sup> of the month for a regular local (Due on the 20<sup>th</sup> of the month) and the 10<sup>th</sup> of the month for an insured local (Due on the 1<sup>st</sup> of the subsequent month).

#### Tape Process

The Tape process is when the dues money and a copy of the agency remittance reports are sent electronically to the National Office. There are 26 pay periods in a calendar year, which means, there are usually 2 pay periods each month. With each pay period, AFGE will automatically withhold half of the monthly PCT owed and refund the remaining portion to the local, less any other billings charged to its ledger such as Council PCT or local bond premium payments. Two months during each year, the local will have three pay periods. If the local has an adequate due's structure, all of the money from the third pay period is refunded to the local.

Additionally, the electronic agency remittance report is loaded into the AFGE membership system and compared to the membership roster of the local. Consequently, the member roster of the local can be electronically updated.

#### Net-To-Local

The Net-To-Local process operates the same as the Tape process with one vital distinction, the agency does not share the remittance reports with AFGE. Therefore, there are no automatic membership updates. Local billing is based on membership levels listed in My Local, which is the responsibility of the Local Treasurer to update regularly to ensure proper billing. Otherwise, dues money is handled exactly as the Tape process.

#### E-Dues

E-Dues is a dues collection system built and operated by AFGE to end the reliance on government payroll services for dues collection. With E-Dues, membership dues are collected directly from the member using either a direct debit from their checking account or the member's credit or debit card. As with the Tape and Net-To-Local processes, the dues money collected from each member goes to the AFGE bank account. Then, it is split between PCT and the local portion, with the local receiving refunds each pay period.

The common thread for all the billing processes is an accurate local membership count. Therefore, it is imperative that **ALL** local Treasurers routinely check their membership rosters via My Local. Inaccurate counts can lead to the local being charged PCT for members that are no longer part of the local. While locals on Tape do have their remittance reports sent to AFGE with their dues, the eyes of the Treasurer are still needed, as there have been instances where a member has transferred out of the bargaining unit while their dues are still being deducted. Also, there have been instances of HR/Payroll offices not processing 1187s, which initiates the dues deduction process, timely.

In conclusion, per capita tax payments are the financial lifeblood of a labor union. It is channeled by constitutional appropriations and NEC discretion in ways that are for the enrichment of the membership. As PCT is essentially AFGE's only revenue stream, the only way to ensure that the people, programs, and activism of AFGE are maintained is through the growth of AFGE's membership and timely payment of per capita tax.



# Are You Prepared for an Audit?

by Willie Hope, Special Assistant to the NST

Many people see an audit as a stressful exercise. However, if you are prepared for an audit, it can be just a minor bump in the road. This article is designed to offer you some tips to make sure that your union is prepared for its next audit.



First, an audit is an inspection of an organization's financial accounts and records. Typically, an audit is performed by an independent body. For most AFGE Affiliates, this means an outside accounting firm, the National or District Office or the Department of Labor. However, an audit can also be performed by a committee of members of your local, which is called an Audit Committee. The members of the Audit Committee should not be a part of the Executive Board of the union or have signature authority on any accounts of the union.

An annual audit is required of all AFGE Affiliates. Article XIX, Section 5 of the National Constitution states, *each local shall conduct an audit at least once a year and a certification made to the NST that such an audit has been made*. However, there is more to the importance of an audit. An audit can help the local identify incorrect, inefficient, or outdated financial practices. An audit can also help the local uncover fraudulent acts by officers or members. A properly conducted audit,

along with transparency, can ease the tension of the membership. This makes it easier for officers to concentrate on organizing and representing the membership of the local.

So, how do you know if you're ready for an audit? The best way to prepare for an audit is to stay ready for the audit. Performing certain tasks and maintaining certain documentation throughout the year can help to ensure a seamless and fruitful audit experience. Below are some of the most important items that you need to consider when preparing for an audit.

## **Input Financial Data**

Inputting the financial data in some type of electronic system on an ongoing basis can be very helpful. Many people like to use Excel to maintain their data. In some cases, this is sufficient; however, using accounting software is the preferred method of maintaining the financial data. The Office of the National Secretary-Treasurer (NST) recommends that locals use QuickBooks. QuickBooks allows users to input their financial data, reconcile accounts, and quickly and easily run reports. Also, using QuickBooks gives you the ability to upload vouchers and other supporting documentation to the program for ease of storage. The NST provides QuickBooks training during its Financial Officers Training Class.

## **Maintain Supporting Documentation**

Maintaining supporting documentation is probably the most important step that you can take when preparing for an audit. The supporting documentation shows the relevant information about a transaction. It allows the organization to show that the transaction was for legitimate union business and was authorized by the proper individuals within the union. Below, is a list of items that each affiliate must maintain. This is not a complete list and other items may be necessary depending on the types of transactions the union engages in.

- **Source documents for transactions:** Source documents for transactions show the date, time, place, purpose and authorization of each transaction. This can include receipts, vouchers, letters, etc. The source documents are important because they show the details of each transaction. These documents confirm the legitimacy of union transactions and ensure that the correct amounts were paid. When we think of this type of supporting documentation, we usually think of expenditures; however, the supporting documentation for deposits is just as important. Unions should



maintain the documentation for each deposit received. This helps to ensure that all monies due to the union are received. It also helps to report the amounts properly.

- **Bank & Credit Card Statements:** The bank and credit card statements generally reflect all the transactions the union had for the year. They are important because they provide third party verification of the transactions of the local. The bank and credit card statements should be reconciled to the accounting system monthly. The reconciliation will ensure that the union has accounted for each transaction. Please note, the bank or credit card statement is not sufficient supporting documentation for each transaction that occurred. The union still needs to provide receipts, vouchers, and invoices for each transaction.
- **Constitution and Bylaws:** Each affiliate should maintain a copy of not only its Constitution and Bylaws, but also the AFGE National Constitution and Bylaws. The Constitution and Bylaws document the rules and regulations in the which the union will be governed. They will show which officers are authorized to approved expenditures for the union. The Constitution and Bylaws may also provide justification for certain other expenses such as officer stipends.
- **Financial Policies & Procedures:** Assist the local in creating uniformity with its financial practices. The policies and procedures should address cash receipts, cash disbursements, credit card usage, expense reimbursements, etc. It is also a good idea to make these policies and procedures a part of the local bylaws. The NST webpage has a sample Financial Policies and Procedures Manual that can be used to help tailor a manual for your local.
- **Meeting Minutes:** The union must maintain copies of all general membership and Executive Board meeting minutes. The meeting minutes serve as a source of information on what decisions local make. But more importantly, the meeting minutes provide the authorization for most of the expenditures of the local. Please note, meeting minutes should be signed by the union secretary and possibly the president after they have been approved by the membership.



- **Annual Budget:** Per the constitution, local officers must have approval of membership to spend the funds of the local. A budget is the most effective and efficient way to accomplish this goal. A budget provides a membership approved financial roadmap for the upcoming fiscal year. However, one common mistake made by local officers is that they attempt to move funds from one budget line item to another without approval of the membership. All adjustments to the budget must have membership approval to be valid. Also, locals should compare their actual results to the budget monthly.
- **Financial Reports:** The union should maintain copies of the financial reports that it is required to submit. This includes the LM Report, IRS Form 990, Annual Audit Certification, Monthly Financial Reports and any other reports required by the union such as IRS Forms 941, 940, W-2 or 1099s. When maintaining a copy of these reports, it is important to maintain the signed and dated copy of the submitted report. Please note, that if any extensions are granted, a copy of the extension authorization should be maintained also.



## **Monitoring the Bond Coverage**

All unions are required to maintain bond coverage which protects the union from fraudulent acts by its officers, employees, or members. Each union should ensure that a copy of the latest bond certificate is maintained. Additionally, the union should check each year to ensure they have sufficient coverage. The Labor Management Reporting and Disclosure Act (LMRDA) states that each union should be covered for at least 10% of its assets. A simple calculation that can be done each year when completing the LM Report is  $[(\text{beginning cash balance} + \text{total cash receipts}) \times 10\%]$ . If this amount is more than the face value of your bond, then the union will need to contact the NST to increase the bond coverage for the local.

By following these simple steps, the union can ensure that it is ready for an audit from anyone. If you'd like to get more detailed information regarding a union audit, the Department of Labor has a publication entitled *Conducting Audits in Small Unions - A Guide for Trustees*. This is a 10-step audit guide which can be found on the DOL website at the following link: [www.dol.gov/olms/regs/compliance/complpubs.htm](http://www.dol.gov/olms/regs/compliance/complpubs.htm). Also, a Checklist to Conduct Internal Audit was created and posted on the NST Advisor webpage under the Resource tab.

As always, if you have any questions on conducting local audits, please feel free to contact the Office of the National Secretary-Treasurer at (202) 639-6949.

## **Bond Concerns**

On March 31, 2021, Eberts & Harrison, Inc, sent a letter to the heads of all International Labor Unions. Recently, there have been several large bond claims from the union sector along with increased compliance requirements from regulatory agencies that have brought a new spotlight on the Group Labor Organization Bond program. Additionally, this program has a loss ratio (which is the premiums received versus the claims paid out) that is higher than the industry standard. If these trends continue, the Group Labor Organization Bond program can limit coverage or end the program completely. If this happens, then each local/council would be required to submit an individual application and provide financial data to obtain a bond. Also, it may become harder for locals to make changes to their bond coverage.

Below are some things that locals/councils can do to help limit these changes in the Group Labor Organization Bond program.

1. Bond coverage terminates when an officer or employee is removed from their position, either voluntarily or involuntarily. Therefore, it is crucial that locals/councils have past officers and employees removed from bank accounts immediately upon termination. This also applies to an officer or employee that has been identified as misusing or stealing union funds.
2. A bond claim can be jeopardized if the union forgives the stealing of funds. Therefore, please consult with legal counsel regarding Department of Labor legal requirements.
3. Locals/Councils should develop financial policies and procedures. Among those things that should be considered are:
  - Reconciliation of ALL bank accounts monthly.
  - The person collecting money should be different than the person handling deposit tickets and reports.
  - An authorized vendor list should be used to avoid fraudulent payments.
  - Credit card privileges should come with low limits and charges should be closely monitored.
  - Ban the use of debit cards.
4. When losses occur, a bond claim should be filed immediately upon discovery.



## NEW HIRES AND MOVEMENT WITHIN NST DEPARTMENT



### Omar Arnold

Field Accountant/Trainer  
Omar.Arnold@afge.org

Mr. Arnold is responsible for performing audits of AFGE Affiliates to ensure compliance with rules and regulations as prescribed by DOL, IRS and AFGE. Also, Omar also provides training to AFGE officers on their financial duties and responsibilities. Additionally, Omar provides technical assistance to local/council officers to include help with QuickBooks and filing DOL and IRS forms.



### Jonathan Huitz

Accounts Receivable E-Dues Accountant  
Jonathan.Huitz@afge.org

Mr. Huitz is the primary point of contact for Electronic Dues (E-Dues) related questions and requests. In addition to assisting members and Locals with dues payment and dues refund requests, Jonathan also guides Local officers with transitioning to the E-Dues process. Mr. Huitz maintains E-Dues members' dues structures per Local's request and updates dues as needed. He is responsible for reconciling and maintaining E-Dues general ledger accounts. Jonathan also provides Local analysis and assists with AFGE year-end audit and LM-2 filing.



### Mark Mao

Staff Accountant  
Mark.Mao@afge.org

Mr. Mao is responsible for monitoring, recording, and reconciling all AFGE bank cash and investment accounts. He assists the Finance Director and Deputy Director in the preparation of the monthly budget reports, cash reports and other financial reports as requested by the NEC and AFGE Departments. Mark also prepares financial analysis and schedules for the AFGE annual audit and DOL LM2 filing.



### Di Tang

Accounts Receivable Staff Accountant  
Di.Tang@afge.org

Mr. Tang handles monthly Per Capita Tax (PCT) billing and prepares billing statements for Locals and Councils. Di also processes weekly agency tapes, posts dues payments to Local and Councils accounts, and is the primary contact for accounts receivable related inquiries. Di assists the Deputy Director in preparation of the month-end closing, year-end audit and LM2 filing.



# Financial Officers Training

The Office of the National Secretary-Treasurer (NST) is pleased to announce it is adding Financial Officers Training classes to the 2021 schedule. Although vaccinations are steadily increasing, COVID is still a concern. Therefore, the classes added in May, June and July 2021 will be via webinar. We are still hoping to return to in-person training for September and October of 2021; however, no plans have been set.

Financial Officers Training is strongly encouraged for new officers to ensure they have the requisite knowledge to keep their locals in compliance with Department of Labor, Internal Revenue Service and AFGE laws and regulations. The Financial Officers Training is also encouraged for existing officers as a refresher every two to three years. In addition, the NST will add classes to assist AFGE Affiliates with preparing the 990 and the 990-EZ. These classes will be offered in late April and early May.

The schedule for the next couple of months are as follows:

## Training Schedule

- May 25-27, 2021
- June 22-24, 2021
- July 27-29, 2021

## Training Agenda

- Tuesday from 1:00 pm - 5:00 pm ET:  
Duties & Responsibilities, NST Webpage, My Local
- Wednesday from 1:00 pm - 5:00 pm ET:  
LM & 990 Preparation, Maintaining Meeting Minutes, Budget Preparation
- Thursday from 1:00 pm - 5:00 pm ET:  
QuickBooks

If you should have any questions, please feel free to contact:

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