



Board of Trustee Audit

(10-step process)

Congratulations, you are a member of the Board of Trustees! This guide will assist in completing one of your duties as a member of the board.

The SMART Constitution says...

Article Twenty-One B (21B) SECTION 67 - DUTIES OF THE LOCAL BOARD OF TRUSTEES

The Board shall meet in the month of January of each year for the purpose of auditing the annual report of the Treasurer and verifying bank balances and cash on hand. If the Treasurer's annual report is found to be correct, the Board members shall endorse the report with their signatures, furnishing copies to the Local and the General Secretary-Treasurer.

The Department of Labor (DOL) states that the audit's objectives are:

- 1) to ensure that your union's funds and other assets are properly accounted for and used solely for the benefit of your union and its members;
- 2) to ascertain whether your union is complying with the financial practices and procedures of your parent body; and
- 3) to make sure disbursements have been properly recorded and whether they were issued for approved, legitimate union purposes.

Following this 10-step audit process will help you complete your annual duty to audit the Local's Treasurer's Annual Report (TAR). Please keep in mind that every audit will be a little different. As a Trustee, you should use your best judgment in completing these steps, then clearly report your findings to the members of your Local and to SMART TD, if necessary.

10-Step Process

Prepare for the audit

- 1) Review bank statements, check images and check stubs
- 2) Review all disbursements
- 3) Review receipts
- 4) Review Local assets
- 5) Review compliance reports
- 6) Review member records
- 7) Review LCA fund ledgers
- 8) Get questions answered and missing documents
- 9) Review the budget
- 10) Wrapping up the audit

Submit the TAR to Local and SMART TD

Getting ready (prior to trustee meeting)

1. The SMART Constitution requires three Trustees in every Local, make sure you know who the other two are and their telephone numbers.
2. This audit will be for the previous year, running Jan. 1- Dec. 31
3. Plan to speak to the other two Trustees in person or by phone to discuss preparing for the audit in January.
4. Meet in person or confer by telephone with the other Trustees before the audit date, discuss prior audit results and make a list of records you want to review. Submit the list to the Secretary & Treasurer and send a copy to the Local President.
A sample list of things to review could include:
 - a. Previous TAR (make sure it is a signed TAR);
 - b. Local bylaws and any minutes memorializing LCA salaries (if any);
 - c. Meeting minutes for the previous year;
 - d. All bank statements with all front and back check images dated Jan. 1- Dec. 31;
 - e. From WinStabs, the printed ledger "All Items in the Checkbook";
 - f. From WinStabs, printed copies of the LCA ledgers;
 - g. The local's checkbook with all check stubs dated Jan. 1- Dec. 31;
 - h. All disbursement vouchers with all supporting documents, including original receipts;
 - i. From WinStabs, the "Member Variance" report;
 - j. From WinStabs, the "Receipts Control Ledger" list.
5. Set a time and place where all three Trustees can review all documents for the audit.

Step 1: Review bank statements, check images and check stubs

1. Make sure all the information on the check stub, check image, "All items in the checkbook" ledger and bank statement is the same for every check. Make sure all three items have the same amount, who it was written to and date for each check. The signature on the back should match who it was written to.
2. In the bank statements, look for electronic withdrawals. You should find electronic payments to the IRS (and possibly State or municipal tax authorities) and to no one else. If you find electronic payments to anyone else, question it and ask why the disbursement wasn't made by check signed by both the S&T and Local President as the SMART TD Constitution requires.
3. In the bank statements, look for bank charges that have not been reported to members. Anything other than a monthly bank charge should be questioned and reported to members.
4. Make sure that every check is accounted for. If the ledger indicates that there is a voided check, make sure you see the actual voided check with the word "VOID" written across it.
5. Make sure you have an image of every canceled check (front and back). The image should be legible.

Step 2: Review all disbursements

1. Review every disbursement voucher -- make sure that it was authorized and that all supporting documents are attached. Use the attached "Required Documentation" handout as a guide to make sure you have all required documentation, such as original receipts, attached.
2. Remember that payments to SMART TD and UTU PAC don't need authorization.
3. Remember that payments to the IRS, State and Municipal authorities for payroll taxes don't need authorization.

Step 3: Ensure all receipts were deposited

1. Ensure every receipt from SMART TD or the carrier was deposited into the Local's bank account.
2. The S&T should not handle cash. If you find cash deposits or withdrawals, they should be questioned and reported.
3. If any member pays dues by check, make sure all checks received were deposited.

Step 4: Make and update the list of assets

1. List all bank accounts, including account numbers, and their balances.
2. List all equipment purchased with local or LCA funds and who has it.
3. List all donated equipment and who has it.
4. If any equipment was acquired during the year being audited, add it to the list with the date acquired and who has it.
5. Verify the location for the files of previous years' records, including what years, how many boxes of files there are and who has them.

Step 5: Review all compliance reports

1. Make sure all annual reports were filed and all payroll taxes were paid on time.
2. Review the Task List and all reports to verify they have been completed and submitted (sample attached).
3. Make sure all monthly billings have been completed and submitted.

Step 6: Review member records

1. Review the list of members who owe money and members to whom money is owed. From WinStabs, this is the "Member Variance" report.
2. Review the list of officers from iLink. Make sure the list is accurate and that a telephone number and email address is listed for every officer.

Step 7: Review LCA ledger(s)

1. Review each LCA ledger and make sure the LC is not spending more money than is coming in every month.
2. Look for receipts or disbursements that don't look right in the LCA ledgers. The LCA ledger should list payments made to the Local Chairman and Vice Local Chairman to represent the LCA members. Other payments should be questioned.
3. Make sure every LCA ledger has a deposit every month. The deposit should be for the number of active LCA members times the LCA dues amount.

Step 8: Get all questions answered and missing documents provided

1. Make a list of any missing documents and write a request to the S&T that these documents be made available for review ASAP. Give a copy of the request to the Local President.
2. If any documents can't be produced, call SMART TD for advice on what to do next.
3. If documents are not made available by the S&T to the Board of Trustees after they have been requested, it should be reported to the Local members every month until the documents are produced and reviewed. A report should also continue to be made to SMART TD if the documents are not produced.

Step 9: Review the budget and recommend changes

1. Complete budget (attached)
2. Make sure the local fund is not spending more money than is coming in on average every month.
3. Make sure that more LCA fund(s) are not being spent than are coming in on average every month.
4. If the Board of Trustees finds a cash flow problem with any of the funds, Trustees should recommend to members that the Local increase its dues or cut back on salaries and/or expenses as part of their report.

Step 10: Wrapping up, sign the Treasurer's Annual Report (TAR) and report to members

1. After the steps above are complete, have a final discussion about your findings. One Trustee should write the report with findings and recommendations and read the report to members at the Local's next meeting. The report should become part of the record along with a copy of the signed TAR.
2. Sign the TAR only if everything has been found to be correct and if all your questions have been answered. Do not sign the report if you are not satisfied with any part of the process. Call SMART TD at 216-227-5444 and ask for the Field Audit Department to discuss your findings.
3. If the audit process is not complete or issues were found by the Trustees that prevent approval of the TAR, one Trustee should report that to Local members and detail what steps

are being taken to resolve the issues. These issues should remain on the lodge meeting agenda with updates at every meeting until the final resolution is reached.

4. The Trustee report should be made available to the Board of Trustees the next year.

Submit TAR to Local and SMART TD (after trustee meeting)

1. Attach copies of the December bank statement(s) to the TAR. The bank statement(s) balances should equal the "Total Checkbook Balance And Investments" on Page 2 of the TAR.
2. Present the signed TAR with a Trustee report to the Local members and make the report part of the record.
3. Mail the TAR to the GST at ...
SMART Transportation Division
Attn: Katy Andrijowych
24950 Country Club Blvd., Suite 340
North Olmsted, OH 44070
4. The signed report is due Feb. 20 at SMART TD

A Final Word

Trustees, please remember that every review of the books is different. Review of the items above is a starting point that will tell you where to go with the rest of the review. Make sure that the records match. Make sure that you know what every disbursement was for. Look out for things that don't look right and ask to see the documents supporting the disbursement. The S&T is required to let you review any record he or she has that supports the disbursement. If you are not satisfied with the answer, don't hesitate to call the SMART TD office at 216-227-5444 and ask what to do next. Remember, you are the first line of defense against fraud and negligence in your Local.