

How Can You Bring Your Union's Recordkeeping Into the Digital Age?

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Tired of having to shuffle through endless numbers of paper receipts? Wish you could just click a few buttons to find all the information you needed? Well luckily, the Office of Labor-Management Standards (OLMS) allows you to do this.

Electronic recordkeeping is allowed by OLMS and the Labor-Management Reporting and Disclosure Act (LMRDA), however, before your Union makes the switch there are certain requirements the electronic storage system must maintain in order to be compliant. These requirements relate to records retention, a records management policy, system implementation, as well as system documentation and access.

As with paper records, all digital records for unions are subject to the LMRDA. The LMRDA requires all records used in the normal course of business to be retained for five years after a report is filed with the Department of Labor. Examples of such receipts include, but are not limited to, receipts and disbursement journals, cancelled checks and check stubs, bank statements, dues collection receipts, per capita tax reports, vendor invoices, payroll records, credit card statements and itemized receipts for charges, bank deposits slips, expenditure vouchers, Board minutes, financial preparation working papers, fixed asset inventory, etc (DOL, OLMS, *Fact Sheet: LMRDA Recordkeeping Requirements for Unions*).

Not only must your union retain a record of such items, but it should adopt a formal written policy relating to the record retention. This policy must cover these seven questions* in as much detail as possible:

1. How will records be labeled, identified, and located;
2. What are the secure storage environment requirements for the records;

3. How are back-up copies of electronic records maintained and archived;
4. Are the records to be stored offsite, and, if so, what arrangements will be made for this;
5. What are the life cycle, retention, and destruction/preservation requirements for the records;
6. What are the testing requirements to ensure the legibility, accessibility, and integrity of electronic records; and
7. What are the requirements to retain records that are illegible or cannot be accurately or completely transferred to an electronic storage system?

* (DOL, OLMS, *OLMS Compliance Tips: Electronic Recordkeeping*)

The key is to create policies that support the integrity of the system.

According to the OLMS, in order to ensure the integrity of the electronic system implemented, your union must meet these five general standards*. The system must:

1. Ensure the storage, preservation, and retrieval of electronic records;
2. Ensure integrity, accuracy, and reliability of stored records through inspection and evaluation of the electronic storage system;
3. Prevent and detect unauthorized creation, addition, alteration, deletion or deterioration of electronically stored records;
4. Include an indexing system that permits the identification and retrieval of records maintained in the system;
5. Ensure capability to produce records that exhibit a high degree of legibility.

* (DOL, OLMS, *OLMS Compliance Tips: Electronic Recordkeeping*)

The indexing system must have controls in place to prevent unauthorized creation, alteration or deletion

and legibility applies to both when displayed on a video screen as well as when printed.

Being compliant not only includes having a system which adheres to the five requirements depicted above, but includes having system documentation that would provide an OLMS compliance auditor with all necessary procedures to retrieve or reproduce any records. This includes, but is not limited to, descriptions of all record formats or layouts, field definitions or descriptions, personnel procedures for storing records, and any other documentation relating to how a receipt goes from hardcopy to a digitally stored record. There must not be any items in

place that would limit the OLMS' access to digitally stored records.

While it is possible to develop an internal system to provide for all your records retention needs, there are also multiple vendors who have developed systems that can assist in the transition to electronic recordkeeping. However, remember that regardless of the system, the records retrieved can only be as strong as the information originally added. As such, be sure to train all employees in the record retention requirements and procedures applicable to your union. For more information on record retention please review the sources depicted below or contact us here at Calibre CPA Group, PLLC. ■

Sources

United States. Department of Labor. Office of Labor-Management Standards. *OLMS Compliance Tip: Electronic Recordkeeping*. N.p.: Office of Labor-Management Standards, 1 Feb. 2011.
<<http://www.dol.gov/olms/regs/compliance/CompTipElecRecordkeeping.htm>>. Web. 28 Jan. 2015.

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