

## **2020 REPORT OF THE COMMITTEE ON AUDIT**

The members of this Committee selected to serve for five years by the 2015 International Union Convention were Don Brown, “Bucky” Donkin and myself, Jim Allen. Dave Jackson was appointed to replace Don Brown upon Don’s retirement. Jerry Sullivan was appointed to replace Bucky Donkin upon Bucky’s death, and Chuck Raso was appointed to replace Jerry Sullivan when Jerry joined the IU Executive Board. Therefore, the current members of the Committee are: Jim Allen, Dave Jackson and Chuck Raso.

The Committee’s charge under the International Union Constitution, Article XVI, Section K, is to review IU expenditures that directly and substantially affect the members of the IU Executive Board. The Committee reports to the IU Executive Council on an annual basis, and to the Convention every five years.

The Committee has reviewed the relevant expenditures of the Executive Board members beginning on January 1, 2015 and continuing through December 31, 2019 – a five-year period.

The Committee met each year during the five-year period with the Director of the IU Financial Management Unit, IU General Counsel and representatives of the IU’s independent Certified Public Accountants and made annual reports to the IU Executive Council.

When auditing the IU books and records relating to the Committee's constitutional charge, the independent auditors follow special and rigorous procedures that were developed jointly by the auditors and the Committee for the maintenance of a system of internal controls. The system is fully electronic and the responsibility of tracking expenditures and documentation is handled by a special office within the Financial Management Unit. Each member of the Executive Board is provided with a report from the tracking system that enables him to review his own expenditures on a monthly basis, which provides for prompt turnaround time in submitting documentation.

The independent auditors use the automated tracking reports, together with the underlying receipts, records and the Travel and Business Expense Policy for IU Officers, to more readily and effectively audit these expenditures. Auditors' professional standards allow for the reliance on sampling techniques when testing a system of internal controls. But with this system, our auditors have been able to examine each and every expenditure by each Executive Board member as to its purpose, documentation and authorization, thereby providing for the closest scrutiny possible. In its monitoring of the Executive Board members' expenditures, the independent Certified Public Accountants act as the Committee's agent.

The Committee is comfortable with the strict and thorough system of internal controls over IU Executive Board members' expenditures.

Based on its review, the Committee on Audit finds that the expenditures of the IU from January 1, 2015 through December 31, 2019 that directly and substantially affect IU Executive Board members were properly documented, had a proper business purpose within the Union's policies, and should be approved.

This concludes the Report of the Committee on Audit. Mr. Chairman, I would like to thank the members of the Committee:

James Allen, Chair, Administrative District Council 1 of Illinois

David Jackson, Local 3 California

Charles Raso, Local 3 Massachusetts, Maine, New Hampshire and Rhode Island

## COMMITTEE ON AUDIT

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*James Allen*

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James Allen, Chair

DocuSigned by:

*David Jackson*

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David Jackson

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*Charles Raso*

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Charles Raso