

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
71 Stevenson Street, Suite 440
San Francisco, CA 94105
(415) 848-6567 / FAX: (415) 848-6555



May 31, 2005

Betty White
Treasurer
NTEU Chapter 212
50 United Nations Plaza, Room 148
San Francisco, CA 94102

Re: 2

Dear Ms. White:

This office has recently completed an audit of NTEU Chapter 212 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on April 13, 2005, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

A. Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least five years by which each receipt and disbursement of funds, as well as all account balances can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Chapter 212 records:

1. Officer Expenses

Union officers failed to retain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements, the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive

receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

2. Meeting Minutes

The Union failed to maintain meeting minutes for any of its meetings for the entire audit year.

As agreed, provided that Chapter 212 maintains its meeting minutes and adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding these violations.

B. Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Chapter 212 for fiscal year ending 09/30/03 was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in item 48 (Office and Administrative Expenses).

I am not requiring that Chapter 212 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

2. Delinquent Report

The CAP disclosed a violation of LMRDA section 201(b), because Chapter 212 failed to file its current Labor Organization Annual Report (Form LM-3) for fiscal year ending 09/30/04. It will be necessary for Chapter 212 to file the LM-3 Report with this office by June 17, 2005.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

7(c)
J

Investigator