U.S. Department of Labor

Office of Labor-Management Standards
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July 25, 2012

Mr. Barry Kleinman, President
Treasury Employees Union Ind Chapter 110
Philadelphia International Airport
Terminal A-West, 3rd Floor
Philadelphia, PA 19153

Case Number: █████████
LM Number: 508-717

Dear Mr. Kleinman:

This office has recently completed an audit of Treasury Employees Union Ind Chapter 110 under
the Compliance Audit Program (CAP) to determine your organization's compliance with the
provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the
Department's regulations, 29 CFR 458. As discussed during the exit interview with you on July
25, 2012, 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.

<div align="center">Recordkeeping Violation</div>

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section
206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7
require, among other things, that labor organizations maintain adequate records for at least five
years after reports are filed by which the information on the reports can be verified, explained
and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA
applies to labor organizations subject to the requirements of the Civil Service Reform Act of
1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain all records
used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and
applicable resolutions, but also documentation showing the nature of the union business
requiring the disbursement, the goods or services received, and the identity of the recipient(s) of
the goods or services. In most instances, this documentation requirement can be satisfied with a
sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently
descriptive, a union officer or employee should write a note on it providing the additional
information. For money it receives, the labor organization must keep at least one record showing
the date, amount, purpose, and source of that money. The labor organization must also retain
bank records for all accounts.

The audit of Chapter 110's 2011 records revealed the following recordkeeping violation:

Failure to Maintain Supporting Documentation for Disbursements

Although Chapter 110 maintained supporting documentation for the majority of disbursements, the union did not retain adequate documentation for disbursements totaling $648.80. You stated and the audit confirmed that this expense was related to travel expenses incurred by Shop Steward Terry Tandaric in conjunction with a conference in May 2011, held in Las Vegas, Nevada.

As previously noted above, labor organizations must retain original receipts, bills, vouchers, or any other record that supports a legitimate union expense for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Chapter 110 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed violations of this requirement.

1. Delinquent Reports

   Chapter 110 has filed delinquent LM-3 reports with OLMS since 2002. Form LM-3 must be filed within 90 days after the end of your labor organization's fiscal year (12-month reporting period). Chapter 110 filed its delinquent report for the fiscal year ending September 30, 2011 on May 3, 2012 and is now current in its filings. As agreed, Chapter 110 will file future Form LM-3 reports within 90 days after the union's fiscal year ends.

2. Failure to File Bylaws

   Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Chapter 110 amended its constitution and bylaws in 2010, but did not file the required copies with its LM report for that year. Chapter 110 has now filed a copy of its constitution and bylaws.

Other Issue

Internal Financial Controls

During the audit, you advised that Chapter 110's Treasurer John Gallagher was the only individual required to sign union checks. Although the union's disbursements are approved at executive board meetings, OLMS suggests that two signatures be required on each union check. The two signature requirement is an effective internal control of union funds. Its purpose is to ensure each union officer is aware of the purpose and legitimacy of each transaction.   OLMS recommends that Chapter 110 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Treasury Employees Union Ind Chapter 110 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Investigator