



October 28, 2011

Dr. Suzanne C. Wagner, President  
University Professors, Am, Asn, Ind.  
Niagara University Chapter  
PO Box 1812  
Niagara University, NY 14109-1812

Case Number: [REDACTED]  
LM Number: 509480

Dear Dr. Wagner:

This office has recently completed an audit of American Association of University Professors, Niagara University Chapter (AAUP Niagara University) 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, Treasurer Mary Schreiner and incoming treasurer Jamie Carr on October 24, 2011, 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.

#### Recordkeeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain 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 AAUP Niagara University's 2010 records revealed the following recordkeeping violation:

#### General Reimbursed Expenses

AAUP Niagara University did not retain adequate documentation for reimbursed expenses incurred by [REDACTED] a member attending negotiation training, totaling at least \$4,315. The union believes the receipts were scanned and emailed to the treasurer but they were not available during the audit.

As noted above, labor organizations must retain original receipts, bills, and vouchers 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 AAUP Niagara University will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by AAUP Niagara University for the fiscal year ended December 31, 2010, was deficient in that:

##### 1. Disbursements to Employees

AAUP Niagara University did not include disbursements to employees (non-officers) totaling at least \$5,372 in the amounts reported Item 46 (To Employees). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to AAUP Niagara University officers and employees and some indirect disbursements made on behalf of its officers or employees. A "direct disbursement" to an officer or employee is a payment made in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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.

2. Improper Categorization (Per Capita Tax)

AAUP Niagara University incorrectly reported approximately \$16,000 in per capita tax disbursements in Item 48 rather than Item 47 (Per Capita Tax).

I am not requiring that AAUP Niagara University file an amended LM report for 2010 to correct the deficient items, but AAUP Niagara University has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

AAUP Niagara University's officers and employees are not currently bonded as required under Section 502. They must be bonded for at least \$17,219. AAUP Niagara University should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than November 30, 2011.

I want to extend my personal appreciation to AAUP Niagara University 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

cc: Ms. Mary Schreiner, Treasurer  
Mr. Timothy Ireland, Vice President  
Ms. Jamie Carr, incoming treasurer