

U.S. Department of Labor

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May 7, 2009

Mr. Harsh Luthar, Local President
Teachers AFL-CIO
Local 1769
1150 Douglas Pike
Smithfield, RI 02917

LM File Number 509-664
Case Number: ||| ||| ||| ||| ||| ||| ||| |||

Dear Mr. Luthar:

This office has recently completed an audit of Teachers Local 1769 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, Saeed Roohani, ||| ||| ||| |||, and Tim Krumweide on May 4, 2009, 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.

The CAP disclosed recordkeeping violations and reporting violations.

Recordkeeping Violations

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 Local 1769's 2007 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

Article VII, Section 2 of the Teachers Local 1769 bylaws requires that "all expenditures for or in the same name of the Federation over the amount of two hundred dollars must have the majority approval of the Executive Council." Also, Article VII, Section 5 requires a membership vote to approve stipends for negotiation team members. However, the minutes of the executive board meetings are lacking authorization for at least \$2,000 in local disbursements. The minutes of the local meetings are lacking authorization for \$3,000 in negotiation team members stipends. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Failure to Maintain Cancelled Checks

Local 1769 did not maintain all cancelled checks provided with the local's checking account statements during the audit year. The union must maintain all cancelled checks provided by the bank.

Based on your assurance that Local 1769 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 Local 1796 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 1769 did not include some reimbursements to officers totaling at least \$775 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Also, Local 1769 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1769 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer 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 (Office and Administrative Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

