



November 30, 2012

Ms. Dale Kapulka, President
Teachers, AFL-CIO
Local 3888, Baker Hall
[REDACTED]

Case Number: [REDACTED]

LM Number: 51

Dear Ms. Kapulka:

This office has recently completed an audit of Local 3888, Baker Hall, 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 and Ms. Kathleen Horvatits, Local 3888 Secretary Treasurer, on November 29, 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.

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 3888 records for fiscal year ending August 31, 2011 revealed the following recordkeeping violation:

Failure to Record Disbursements

Local 3888 did not record in its disbursements journal the bank analysis charges totaling \$239.03. Union disbursement records should include an adequate identification of all monies charged against the union checking account. The records should show the date and amount charged and the reason for the charge.

Based on your assurance that Local 3888 will retain adequate documentation in the future and conduct monthly bank reconciliations, OLMS will take no further enforcement action at this time regarding the above violation.

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 3888 for the fiscal year ended August 31, 2011, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 3888 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. Subsequently, the figures reported in Item 29 (Total Assets) and Item 37 (Net Assets) are also incorrect. Additionally, cash receipts, Item 38 (Dues) was inflated by at least \$1,172 and cash disbursements, Item 47 (Per Capita Tax) was inflated by at least \$2,433.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 3888 amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year.

Local 3888 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 3888 file an amended LM-3 report for 2011 to correct the deficient items, as Local 3888 has provided OLMS with a properly completed LM-3 report for fiscal year ending August 31, 2012 that corrected the deficiencies.

Other Issues

Delinquency in Filing Reports

As we discussed during the exit interview, Local 3888 has a long history of being delinquent in submission of the required Form LM-3. At the exit interview you provided your LM-3 for the fiscal year ending August 31, 2012, which was the day it was due, November 29, 2012. You assured OLMS that Local 3888 will file its reports on time in the future.

I want to extend my personal appreciation to Local 3888, Baker Hall, 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,



Senior Investigator

cc: Ms. Kathleen Horvatits, Secretary Treasurer