



February 5, 2013

Case Number: 120-09262 [REDACTED]
LM Number: 503230

Mr. Arthur E. Fisher, Secretary-Treasurer
Treasury Employees Union Ind
Chapter 154
1 Peace Bridge Plaza
Buffalo, NY 14213

Dear Mr. Fisher:

This office has recently completed an audit of Treasury Employees Union Ind, Chapter 154 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 and President Paul Kwiatkowski on January 25, 2013, 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 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 154's 2011 and 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Chapter 154 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$2,500. For example, supporting documentation such as hotel bills and airfare invoices were missing, lost, or incomplete for official travel to the Treasury Employees legislative conference in Washington, DC, training in Las Vegas, Nevada, and the 2011 convention in Seattle, Washington.

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.

2. Meal Expenses

Chapter 154 did not maintain itemized receipts for meal expenses incurred by officers and employees totaling at least \$400. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Chapter 154 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, in 2011 there were at least five receipts for restaurant expenses without identifying names or the purpose involved noted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Chapter 154 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Chapter 154 for the fiscal year ended December 31, 2011 is deficient in the following areas:

1. Disbursements to Officers (LM-3)

Chapter 154 did not include some reimbursements to officers totaling at least \$6,000 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)

The union must report most direct disbursements to Chapter 154 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).

I am not requiring that Chapter 154 file an amended LM report for 2011 to correct the deficient items, but Chapter 154 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 154 has now filed a copy of its constitution and bylaws.

Other Violation

Chapter 154 was delinquent in filing the LM 3 or 4 reports with OLMS when due for each of the fiscal years ending December 31, 2004 through December 31, 2011. Chapter 154 has agreed to file the reports in a timely manner in the future as evidenced by the filing of the LM-3 report for fiscal year ending December 31, 2012 on February 4, 2013.

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I want to extend my personal appreciation to Treasury Employees Union Ind, Chapter 154 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: Paul J. Kwiatkowski, President