



March 27, 2012

Ms. Elizabeth Paray, Treasurer
National Treasury Employees Union, NTEU
Chapter 58

Case Number: [REDACTED]
LM Number: 503-112

Dear Ms. Paray:

This office has recently completed an audit of National Treasury Employees Union (NTEU) Chapter 58 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 President Allen Hoopengartner and you on March 14, 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 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 58's 2011 records revealed the following recordkeeping violations:

1. General Expenses and Advances for Travel

NTEU Chapter 58 did not retain adequate documentation for expenses paid by the chapter totaling at least \$3,250. For example, the union failed to maintain an invoice for Classics V Banquet Facility for the annual Christmas Party which totaled \$2,909.16.

Additionally, the chapter did not retain adequate documentation for advances provided to officers and employees for travel expenses incurred. The audit found that the chapter would provide travel advances to assist in the cost of union related travel for such individuals; however it was found that some times, documentation and repayment of such advances were not promptly returned to the chapter with sufficient records. For example, there was no hotel bill or airfare receipt to support a travel advance given to Darlene Anderson to attend a conference. Also, the union did not receive prompt repayment of un-used monies from the travel advances provided to several officers and employees throughout the period.

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. Mileage Expenses

Union officers and employees who received advances or reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$286 during 2011. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Chapter 58 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 NTEU Chapter 58 for the fiscal year ended September 30, 2011 was deficient in the following areas:

1. Disbursements to Officers

NTEU Chapter 58 did not include some payments to officers totaling at least \$4,600 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). These disbursements were for travel advances provided to officers and not included in Column E (Allowances and Other Disbursements). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Chapter 58 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. Disbursements to Employees

NTEU Chapter 58 did not include some payments to employees totaling at least \$6,600 in the amounts reported in Item 46 (Disbursements to Employees). These reimbursements were for travel advances provided to such individuals who are not officers of the chapter. It appears the union erroneously reported these payments in Item 54.

In Item 46, enter the total of all salaries, travel advances, which are not considered loans, and other direct and indirect disbursements (less deductions) to employees of the organization. Include disbursements to individuals other than officers even if your organization does not consider them to be employees.

3. Failure to Report all Receipts and Disbursements

Chapter 58 failed to report all receipts and disbursements in Statement B (Receipts and Disbursements). The chapter reported only the dues received and failed to report the additional receipts in Item 43 (Other Receipts). In addition, the union did not include all disbursements paid out on Statement B. It appears the union erroneously excluded some cash in and out of the union and possibly netted disbursements that were subsequently repaid.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Chapter 58'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. The total receipts and total disbursements were not reported properly and additionally, the ending figure in Item 25 was inaccurate due to some errors in the reconciliation of the union's figures as used by Chapter 58.

NTEU Chapter 58 must file an amended Form LM-3 for the fiscal year ended September 30, 2011, to correct the deficient items discussed above. I encourage Chapter 58 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than April 20, 2012 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to NTEU Chapter 58 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: Mr. Allen Hoopengartner, President