



April 26, 2011

Ms. Diane Burke, Business Agent/Secretary Treasurer
Stage & Picture Operators AFL-CIO, Local 883
4689 Georgette Avenue
North Olmsted, OH 44070

Case Number: [REDACTED]
LM Number: 060823

Dear Ms. Burke:

This office has recently completed an audit of Stage & Picture Operators AFL-CIO, Local 883 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 on April 21, 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 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 883's 2010 records revealed the following recordkeeping violations:

General Reimbursed and Credit Card Expenses

Local 883 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Business Agent/Secretary Treasurer Diane Burke totaling at least \$773.00. For example, no supporting documentation was available for union purchases from Office Max, Databazaar.com, Pat Catan's, Wal-Mart, Target, U.S. Airway, Kodak Gallery, FedEx, and USPS made with Burke's personal credit card. Similarly, no backup documentation was available for reimbursed expenses incurred by Burke while traveling on union business totaling at least \$140.00.

As previously 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 Local 883 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 LM-3 filed by Local 883 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 883 did not report some of the total amounts of payments to Business Agent/Secretary Treasurer Burke or on her behalf totaling at least \$5,300.00 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported dues reimbursements and union charges incurred with Burke's personal credit card in Items 47 and 48, respectively.

The union must report most direct disbursements to Local 883 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. Purchase of Fixed Assets

Local 883 did not include disbursements for two travel boxes, a refrigerator, and a microwave purchased for your organization totaling at least \$2,320.00 in Item 52 (Purchase of Investments and Fixed Assets). It appears the union erroneously reported these payments in Item 48.

The union must enter the total disbursements for all investments and fixed assets purchased by your organization in Item 52. In addition, the book value at the start and end of the reporting period of all fixed assets owned by your organization should be reported in Item 29 (Fixed Assets).

Local 883 must file an amended Form LM-3 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than May 10, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Recommendation

During the audit, you advised that checks require two signatures and that President Cingel occasionally signs blank checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 883 review these procedures to improve internal control of union.

I want to extend my personal appreciation to Stage & Picture Operators AFL-CIO, Local 883 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. Beverly Cingel, President