U.S. Department of Labor

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June 14, 2007

Ms. Nancy Davidson, Treasurer
State County & Muni Empls AFL-CIO
CSEA SLU 316 Health Research
1459 River Rd.
West Coxsackie, NY 12192-2010

LM File Number 526-785
Case Number: [redacted]

Dear Ms. Davidson:

This office has recently completed an audit of CSEA Local 316 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 June 12, 2007, 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 316's 2005 - 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

   Local 316 did not require officers and employees to submit itemized receipts for meal expenses totaling at least $1,075.00. 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.

   Local 316 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, check number [redacted] dated December 12, 2005, to Kelly Cirilli for reimbursement for a "meeting with Wolf Road Employees" does not specify who the attendees were or give sufficient details regarding the union business conducted. 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.

2. Information not Recorded in Meeting Minutes

   During the audit, you advised OLMS that the executive board authorized Vice President Cirilli to lease a car from Enterprise on a month to month basis and reimbursement to Vice President Cirilli and President Hanna for 50% of the cost of their cellular phones at an executive board meeting. However, Local 316 failed to produce those meeting minutes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings and must be retained.

Based on your assurance that Local 316 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 316 for fiscal year ending September 30, 2006, was deficient in the following areas:

1. Disbursements to Officers

   Local 316 did not include any reimbursements to officers totaling at least $28,000.00 in the amounts reported 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 Local 316 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

   Local 316 did not include any reimbursements to member (non-officers) totaling at least $977.00 in the amount reported in Item 46 (To Employees). It appears the union erroneously reported these payments in Item 48, Office and Administrative Expense.

The union must report all salaries, allowances, travel advances/expenses, and other direct and indirect disbursements to employees of your organization in item 46; including individuals other than officers who receive such disbursements.

3. Per Capita Tax

Local 316 did not include per capita tax (dues assessments) paid to CSEA Region II totaling at least $273.00 in the amount reported in item 47 (Per Capita Tax). It appears the union erroneously reported this amount in item 48, Office and Administrative Expense.

The union must report the amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other labor organization in item 47.

4. Contributions, Gifts, and Grants

Local 316 did not include purchases for union member gifts and donations totaling at least $1,039.00 in the amount reported in item 51 (Contributions, Gifts, and Grants). It appears the union erroneously reported this amount in item 48, Office and Administrative Expense.

The union must report the amount of all contributions, gifts, and grants made by your organization in item 51.

5. Other Disbursements

Local 316 did not include purchases for social events and reimbursements to members for social event tickets totaling at least $4,158.00 in item 54 (Other Disbursements). It appears the union erroneously reported this amount in item 48, Office and Administrative Expense.

The union must report all disbursements made by your organization not reported in items 45 through 53, including fees, fines, assessments, supplies for resale, repayment of loans obtained, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties in item 54.

Local 316 must file an amended Form LM-3 for fiscal year ending September 30, 2006, to correct the deficient items discussed above. I have attached a blank form and instructions, and 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 July 12, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Title V, Sec. 501 (a) of the LMRDA outlines the Fiduciary Responsibility of Officers of Labor Organizations. The act specifically states that fiduciary responsibility is the duty of each person (***all*** officers, agents, shop stewards, and other representatives of the labor organization). All members of the executive board are responsible for the fiscal operations of Local 316. Specifically we discussed the responsibility to handle union funds with a focus of what is best for the membership, as opposed to what may be easier for the officers.

1. Disposition of Union Funds

   The compliance audit revealed that Local 316 has a large amount of money held in one non interest bearing checking account. You advised that this is the easiest way to account for all union funds. As discussed with you during the exit interview, I recommend that the officers of Local 316 research and discuss the current status of the large amount of union funds sitting in a non interest bearing checking account.

2. Enterprise Rental

   During the opening interview you revealed that the union pays approximately $800.00 per month for Vice President Cirilli to lease a car from Enterprise month to month. I recommend that the officers of Local 316 review this practice. As discussed with you during the exit interview, some alternatives involve leasing a vehicle or approving a car allowance for Vice President Cirilli.

I want to extend my personal appreciation to CSEA Local 316 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,

[redacted]
Investigator

cc: Deborah Hanna, President

David Stack, CSEA Director Of Internal Operations