



August 30, 2013

Ms. Joanne Moitoza, Sec-Treasurer  
Service Employees, Local Union 334  
10 Wampanoag Lane  
Tiverton, RI 02878-4821

Case Number: 110-17648 [REDACTED]  
LM Number: 019058

Dear Ms. Moitoza:

This office has recently completed an audit of Service Employees, Local Union 334 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 August 29, 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 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 334's 2011 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Local 334 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$1,550.00. For example, on October 31, 2011, Joanne

Moitoza received check number [REDACTED] in the amount of \$250.00 but, there were no receipts attached. The check indicated that the funds were for 10, \$25.00 Stop and Shop gift cards.

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. Receipt Dates not Recorded

Entries in Local 334's receipts journal spread sheet reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 334 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

## Other Issues

### 1. Expense Policy

As I discussed during the exit interview with Ms. Moitoza the audit revealed that Local 334 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be incurred. OLMS recommends that unions adopt written guidelines concerning such matters.

### 2. Duplicate Receipts

Members of Local 334 sometimes pay dues directly to the union. Ms. Moitoza records dues payments in the union's receipts journal, but she does not issue pre-numbered receipts to dues payers. OLMS recommends that Local 334 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Service Employees, Local Union 334 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

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future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Mr. Joseph Marciano, President