



June 28, 2023

Melissa Cropper, President
Teachers SFED 8033
1251 E. Broad Street
Columbus, OH 43205

Case Number: 350-6025715()
LM Number: 513310

Dear Ms. Cropper:

This office has recently completed an audit of Teachers SFED 8033 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 Comptroller Mark Lesser on June 15, 2023, 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 SFED 8033's 2022 records revealed the following recordkeeping violations:

1. Meal Expenses

SFED 8033 did not require officers and/or employees to submit itemized receipts for meal expenses on at least three occasions and eleven occasions where no receipt was submitted at all, or it was in poor condition and not able to be accurately identified. 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.

SFED 8033 records of meal expenses did not always include written explanations of union business conducted and/or the names and titles of the persons incurring the restaurant charges. For example, a meal receipt for \$99.73 to Deer Creek did not include an itemized list of food purchased. Another meal receipt for \$42.70 to Bob Evans did not include the purpose of the meal or the names of those in attendance. 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. Reimbursed Auto Expenses

Union officers or employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support mileage payments to them on at least eleven occasions. 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 SFED 8033 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-2 filed by SFED 8033 for the fiscal year ended June 30, 2022, was deficient in the following areas:

1. Sale of Investments and Fixed Assets

SFED 8033 did not correctly report receipts from the sale of a union owned vehicle. The audit revealed that during 2022, SFED 8033 sold their 2011 Chevy for \$400.00. The LM-2 instructions require that the union report receipts from the sale of assets in Schedule 3 (Sale of Investments and Fixed Assets).

2. Employees Salary and Allowances

SFED 8033 inaccurately reported salary and allowances to some employees in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported allowances to

some employees in column D (Gross Salary) along with employee salary, but allowances should be reported separately in Column E (Allowances Disbursed).

I am not requiring that SFED 8033 file an amended LM report for 2022 to correct the deficient items, but SFED 8033 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview, the audit revealed that SFED 8033 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Failure to Follow Two-Signature Policy

The audit revealed at least three occasions where SFED 8033 failed to follow their two-signature policy. The three checks retained the signature of President Melissa Cropper, but failed to retain the co-signature from Treasurer Brian Kessler.

I want to extend my personal appreciation to Teachers SFED 8033 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: Brian Kessler, Treasurer
Mark Lesser, Comptroller