



August 14, 2023

Ms. Carrie Barbash, President
AFSCME Local 3650
Harvard Union of Clerical and Technical Workers
(HUCTW)
131 Mount Auburn Street
Cambridge, MA 02138

Case Number: 110-6026204()
LM Number: 517486

Dear Ms. Barbash:

This office has recently completed an audit of the Harvard Union of Clerical and Technical Workers (HUCTW) 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 Treasurer Benjamin Janey and Accountant Sheryl Manning on August 9, 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 HUCTW's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

HUCTW did not retain adequate documentation for some reimbursed expenses incurred by union officers and employees totaling at least \$822. For example, there were no receipts in the union records for the following transactions: a March 8, 2022 purchase for \$194.38 from Frugal Books and a December 20, 2022 receipt for \$42 for coffee for a meeting.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. When an itemized receipt is provided, the itemized receipts must be retained. 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. 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 HUCTW's QuickBooks reflect the date the union deposited money, but not the date the 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.

3. Information not Recorded in Meeting Minutes

During the audit, former Treasurer Emily Hankle advised OLMS that the executive board authorized non-regular or non-recurring expenses over \$1,000 at meetings during the audit year. Article 3, Section 2.D.3 of the HUCTW Constitution requires that the treasurer prepares and signs checks "for such purposes as are required by the constitution or are authorized by the membership or the executive board." However, authorizations for certain expenses are not recorded in the minutes. For example, there is no mention in the minutes of the February 10, 2022 expense for \$1,800 to Dynamizing Equity. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that HUCTW 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 HUCTW for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

HUCTW did not include some payments to officers totaling at least \$400 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in either Item 48 (Office and Administrative Expenses) or Item 54 (Other Disbursements).

In addition, HUCTW did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The LM-3 instructions define officer as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body."

The union must report most direct disbursements to HUCTW 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. Dues Not Reported

Because entries in HUCTW's QuickBooks reflect the date the union deposited money, rather than the date the money was received, at least \$94,722 in dues received in December 2022, and deposited in January 2023, were not reported on the LM-3, Schedule B for Fiscal Year 2022. 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. In this case, failure to record the date money was received resulted in a deficient report.

3. Other Receipts

HUCTW improperly reported receipts other than dues received during the period in Item 38 (Dues). The audit revealed that the union collected at least \$2,337 in rebates from Comcast Staples which were erroneously reported in Item 38 "Dues." These receipts should have been reported in Item 43 (Other Receipts).

4. Gifts

HUCTW did not report holiday gift cards and flowers totaling at least \$1,480 in Item 51 (Contributions, Gifts and Grants). It appears the union erroneously reported these payments in either Item 48 or Item 54.

5. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. HUCTW amended its constitution and bylaws in 2004 but did not file a copy with its LM report for that year.

As agreed, HUCTW will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than August 18, 2023.

HUCTW must file an amended Form LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than September 8, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that HUCTW's officers and employees were not bonded for the minimum amount required at the time of the audit. However, HUCTW obtained

adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to HUCTW 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: Mr. Benjamin Janey, Treasurer