



August 27, 2014

Ms. Leigh Johnson, President
Teachers AFL-CIO, Local 5041
44 Meadowood Rd
Tolland, CT 06084

Case Number: 110-6000731 [REDACTED]
LM Number: 529-442

Dear Ms. Johnson:

This office has recently completed an audit of Teachers AFL-CIO Local 5041 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 Sarles on August 25, 2014, 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 Teachers AFL-CIO Local 5041's 2012 records revealed the following recordkeeping violations:

1. General Expenses

Local 5041 did not retain adequate documentation for debit card expenses incurred by union officers and employees totaling at least \$128.96. There was no receipt retained for one debit

and three debit receipts for food that were not properly documented with the union purpose. 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 restaurants where the officers or employees incurred meal expenses.

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.

2. Receipt Dates Not Recorded

Entries in Local 5041's checkbook register reflect the receipt of dues and the date deposited into the checking account but not the date money was received. 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 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays money out. 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 5041 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 Teachers AFL-CIO Local 5041 for fiscal year ending December 31, 2012, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Cash Receipts and Disbursements

Local 5041 did not properly report cash receipts and disbursements. The local reported dues income as \$56,151 but the actual dues received was \$49,376. The local reported disbursements as \$61,400 but the financial records show disbursements of \$58,202.

Teachers AFL-CIO Local 5041 must file an amended Form LM-3 for fiscal year ending December 31, 2012, 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 September 19, 2014. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Teachers AFL-CIO Local 5041 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: Silver Sarles, Treasurer