

**U.S. Department of Labor
Office of Labor-Management Standards**

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October 14, 2014

Ms. Kathryn Devereaux, Secretary Treasurer
NTEU Chapter 20
1301 Clay Street, Suite 1610 S.
Oakland, CA 94612

Case Number: 530-6001078
LM Number: 501362

Dear Ms. Devereaux:

This office has recently completed an audit of NTEU Chapter 20 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on September 29, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 Chapter 20's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Chapter 20 did not retain adequate documentation for reimbursed expenses incurred by President William Wright totaling at \$780.00. During the audit period, 11 reimbursement checks were issued to President Wright for monthly cell phone reimbursements but there were no vouchers or cell phone bills/statements in support of these disbursements. The meeting minutes did not include authorization or approval for these disbursements.

2. Loans to Members

Chapter 20 did not retain adequate documentation for loans made to two members for \$1,500.00 each for a total of \$3,000.00. The loans were made during the previous fiscal year and properly reported on the LM-3 report for that fiscal year, but the amounts remained unpaid and listed on the LM-3 report for the audit year. Therefore, supporting documentation must still be maintained to verify, explain, and clarify the disbursement.

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.

Based on your assurance that Chapter 20 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report Form LM-3 filed by Chapter 20 for the fiscal year ended September 30, 2013, was deficient in the following area:

Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Chapter 20 amended its constitution and bylaws in 1998, but did not file the required copies with its LM report for that year.

Chapter 20 has now filed a copy of its constitution and bylaws.

I am not requiring that Chapter 20 file an amended LM report for 2013 to correct the deficient item, but Chapter 20 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Personal Use of Debit Card

Chapter 20 does not allow officers to use union debit cards to pay for personal expenses. The audit revealed that President Wright used the union debit card without authorization or approval for personal purchases totaling \$777.65. Although President Wright promptly repaid Chapter 20 for the personal expenses charged, this is a clear violation of Chapter 20's financial policy goal to prevent misuse of union funds.

I want to extend my personal appreciation to NTEU Chapter 20 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: Mr. William Wright, President