



September 14, 2011

Ms. Sandra Raney, Financial Secretary/Treasurer
TCU Lodge 427
P.O. Box 4271
Topeka, KS 66604-0271

Case Number: [REDACTED]
LM Number: 041561

Dear Ms. Raney:

This office has recently completed an audit of TCU Lodge 427 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 and Chairman of the Board of Trustees Russell Valentine on September 8, 2011, 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 Lodge 427's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge 427 did not retain adequate documentation for reimbursed expenses incurred by several officers including the financial secretary/treasurer, local chairman, and the chairman of the board of trustees totaling at least \$500. For example, original internet

invoices for the financial secretary position were not maintained, only a copy of one page of the bill. Also, several times receipts for other officers were photocopies and not an original.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records. When we spoke about this during the exit interview you agreed to keep all original receipts and you explained that sometimes the copies were kept instead of the original due to the original fading and we discussed stapling the original receipt to the photocopy from now on.

2. Meeting Minutes

It was discovered during the audit that Lodge 427 is not maintaining its meeting minutes for the minimum amount of time required by the LMRDA. Lodge 427 only had minutes dating back to 2009 which is an essential record used to verify, clarify, and explain entries made in the union's LM-3 report. Meeting minutes are a union record that must be kept for at least five years to be in compliance with the LMRDA. We discussed this in the exit interview and you assured me that you have spoken with your recording secretary and the minutes will from now on be retained for the appropriate amount of time.

Based on your assurance that Lodge 427 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 Lodge 427 for fiscal year ending December 31, 2010, 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. We discussed this during the exit interview and you agreed to fix this in an amended report.

2. Fund Transfers

It appears that the amount reported in Item 54 (Other Disbursements) is not accurate due to \$4,000 used to open a new certificate of deposit for the lodge was reported in this item. This would be considered a fund transfer because it is money that has been converted to a

certificate of deposit, but is still an asset of the local. It should not be reported in the disbursement totals. We also discussed this during the exit interview and you agreed to fix this as well in an amended report.

Lodge 427 must file an amended Form LM-3 for fiscal year ending January 31, 2010, to correct the deficient items discussed above. I provided you with a copy of the instructions, and advised you that the reporting forms 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 October 1, 2011. 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 TCU Lodge 427 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. Russell Valentine, Chairman of Board of Trustees
Ms. Laurie Vega, President