

**U.S. Department of Labor**

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September 30, 2009

Mr. Peter Ludden, President  
Professional Staff Association  
4983 Brittonfield Parkway  
East Syracuse, NY 13057

LM File Number: 530-200  
Case Number: |||||

Dear Mr. Ludden:

This office has recently completed an audit of the Professional Staff Association (PSA) 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 yourself and Secretary-Treasurer Brian Bennett on September 17, 2009, 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 PSA's 2008 records revealed the following recordkeeping violations:

1. Meal Expenses

PSA records of meal expenses did not always include written explanations of union business conducted or an itemized receipt for meal purchases. For example, in several instances only a summary receipt for meals was provided, listing only the total amount purchased. 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. 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.

2. General Reimbursed and Credit Card Expenses

PSA did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by some union officers totaling approximately \$250. For example, some reimbursed expenses to one officer were only supported by credit card statements and no actual purchase receipts. In cases of reimbursed expenses charged on credit cards, claims for reimbursement must be supported by both a credit card statement and store/vendor receipts.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and secretary-treasurer 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 PSA 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 PSA for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

PSA did not include some reimbursements to officers totaling approximately \$12,255 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to PSA 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).

I am not requiring that PSA file an amended LM report for 2008 to correct the deficiency, but PSA has agreed to properly report the deficient items on all future reports it files with OLMS.

2. 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. PSA amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year. PSA

has now filed a copy of its most recent constitution and bylaws with OLMS and no further action is necessary.

#### Other Violation

The audit disclosed the following other violation:

1. 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. PSA had bonding coverage in place at the time of the audit. However, the policy held a deductible, which is a form of self-insurance and is not allowable under the LMRDA. The officers of PSA have already obtained a bonding policy as prescribed under the LMRDA and no further action is necessary regarding this issue.

#### Other Issues

1. Duplicate Receipts

Members of PSA pay initiation fees directly to the union. The union does not issue receipts to members paying initiation fees. OLMS recommends that PSA use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

2. Voided Checks

The review of PSA financial records for the audit period revealed voided checks were not always maintained by union officers. OLMS recommends that unions retain any voided checks as an effective internal control in order to verify that these checks were not negotiated.

Mr. Peter Ludden  
September 30, 2009  
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I want to extend my personal appreciation to the Professional Staff Association 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 I can provide any additional assistance, please do not hesitate to call.

Sincerely,

|||||||  
Investigator

cc: Brian Bennett, Secretary-Treasurer  
Shelly Tate, Accountant