



July 20, 2010

Mr. Don Goodman, Treasurer
Treasury Employees Union IND, Ch 98
P O Box 18911
Memphis, TN 38118

Case Number: [REDACTED]
LM Number: 503979

Dear Mr. Goodman:

This office has recently completed an audit of Treasury Employees Union IND, Ch 98 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 and President James Hull on May 25, 2010, 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 98's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Chapter 98 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$300.00.

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.

2. Failure to Record Receipts

Chapter 98 did not record in its receipts records some employer dues check off checks totaling at least \$1,891.83. For example, there was not a date recorded for employer dues check off checks that were direct deposited to Regions Bank in December 2008. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Information not Recorded in Meeting Minutes

Chapter 98 had no meeting minutes recorded. The minutes had been recorded by tape recorder, but not transcribed. Chapter 98 by laws, Article VII, Section 4, (E), 1 state the duties of the secretary shall be to record and keep minutes on all meetings of the Chapter and Executive Board.

Based on your assurance that Chapter 98 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 98 for the fiscal year ended September 30, 2009, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Chapter 98 did not include some reimbursements to officers totaling at least \$5,468.00 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.

2. 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.

Chapter 98 filed an amended LM report for 2009 to correct the deficient items at the conclusion of the audit and Chapter 98 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Treasury Employees Union IND, Ch 98 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. James Hull, President