

**U.S. Department of Labor**

Office of Labor-Management Standards  
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October 4, 2010

Mr. Larry Volk, President  
National Education Association  
Endicott College Faculty Association  
Endicott College  
School of Visual & Performing Arts  
376 Hale Street  
Beverly, MA 01915

LM File Number 071-262  
Case Number: [REDACTED]

Dear Mr. Volk:

This office has recently completed an audit of Endicott College Faculty Association (ECFA) 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 Treasurer Mike Diehl on September 23, 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. The CAP disclosed the following:

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 ECFA's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

ECFA did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$72. For example, there was insufficient documentation associated with an officer reimbursement for a flower purchase.

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. Meal Expenses

ECFA did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$213. 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. Additionally, 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 names of the restaurants where the officers or employees incurred meal expenses.

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

#### Other Violations

The audit disclosed the following other violation:

##### 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.

The audit revealed that ECFA's officers were not bonded for the minimum amount required at the time of the audit. ECFA should obtain bonding coverage of at least \$10,000 for its officers immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 21, 2010.

I want to extend my personal appreciation to Endicott College Faculty 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 we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mike Diehl, Treasurer