



March 22, 2011

Mrs. Andrea Smith, Treasurer  
St. Mary Education Association  
309 E. Chestnut Street  
Lancaster, OH 43130-3829

Case Number: [REDACTED]  
LM Number: 515174

Dear Mrs. Smith:

This office has recently completed an audit of St. Mary Education Association 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 President Kathleen VanEvra on March 2, 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 St. Mary Education Association's 2010 records revealed the following recordkeeping violations:

## General Reimbursements

St. Mary Education Association did not retain adequate documentation for reimbursed expenses from the petty cash fund incurred by President Kathleen VanEvra. For example, VanEvra had a plaque engraved and was reimbursed but there was no receipt maintained for the services.

In addition, the union made several written entries in the savings passbook next to expenses. These expenses did not have supporting documentation. For example, the union donated \$9,000 to St. Mary's school towards tuition assistance and the only documentation on file was the cashier's check. The union, also, approved "going-away" gifts for two members but there was no supporting documentation for these disbursements.

As previously 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 St. Mary Education Association will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

## Other Issues

### 1. Duplicate Receipts

Members of St. Mary Education Association pay dues directly to the union. Treasurer Raybourne record dues payments in the union's receipts journal, but she do not issue receipts to dues payers unless the member pays cash. OLMS recommends that St. Mary Education Association 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. Dual Signatures to withdraw funds

During the audit, you advised that Treasurer Raybourne is the only officer that obtains the cashier checks for expenses. OLMS recommends that when the union issues a cashier's check that the president and treasurer signs for the withdrawal of the funds. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS also recommends that St. Mary Education Association review these procedures to improve internal control of union funds.

3. Cash Box

St. Mary Education Association did not maintain separate documentation for monies in the cash box that was used to hold monies from the flower sales. OLMS recommends that monies from the cash box and payments for food and miscellaneous items be recorded to maintain an accurate balance of funds on hand in the cash box.

I want to extend my personal appreciation to St. Mary Education 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: Ms. Kathleen Van Evra, President