



February 28, 2012

Mrs. Oriana Yovine, Treasurer
National Education Association, Local 24-20
Lavelle School Professional Staff Association
[REDACTED]

Case Number: [REDACTED]
LM Number: 543-772

Dear Mrs. Yovine:

This office has recently completed an audit of the Lavelle School Professional Staff 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 on December 15, 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 the Association's fiscal year 2011 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

The Association did not record in its receipts records any employer dues checkoff checks, and a check received from the Lavelle School for the Blind for reimbursement of Christmas party expenses, totaling at least \$38,739.96. 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.

2. Receipt Dates not Recorded

The Association's deposit tickets reflect the date the union deposited money, but the union was not maintaining a record of the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Form LM-3 Labor Organization Annual Report. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money.

3. Lack of Salary Authorization

The Association did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file the Association's LM-3 report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both.

Other Violations

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.

The audit revealed that the Association's officers and employees were not bonded at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1. Bank Deposits

The Association was not making bank deposits in a timely fashion. For example, the union did not deposit dues checks from June, July, August, and September 2010 until October 2010. And the union did not deposit dues checks from April and May 2011 until June 2011. OLMS recommends depositing all income as soon as possible and practicable.

2. Expense Policy

As I discussed during the exit interview, the audit revealed that the Association does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. For example, President Diann Chiodo was reimbursed \$200 for expenses totaling \$171.65 that were related to a staff appreciation breakfast, but during the opening interview officers advised OLMS that expenses were reimbursed on an actual-cost basis. OLMS recommends that the union review its guidelines or adopt (written) guidelines concerning such matters.

3. Familiarity with Union Records

Also as discussed during the exit interview, the audit revealed that Association officers were not sufficiently familiar with the union's records to say who from New York State United Teachers reviewed its books and records or whether a report of findings was prepared, nor did officers know whether the union had any bonding coverage. OLMS recommends that the union's officers spend time familiarizing themselves with union records, policies, and procedures.

I want to extend my personal appreciation to the Lavelle School 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 we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Diane Chiodo, President
Virginia Gonzalez, Vice President