



February 14, 2013

Ms. Lisa Rhea, President
Museum of Fine Arts
Independent Security Union (MISU)
P.O. Box 230815
Boston, MA 02123-0815

Case Number: 110-17619-
LM Number: 540235

This office has recently completed an audit of Museum of Fine Arts, Independent Security Union (MISU) 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 John Moore on January 28, 2013, 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.

Record Keeping 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 MISU's 2012 records revealed the following recordkeeping violations:

1. Meal Expenses

MISU did not require officers and employees to submit itemized receipts for meal expenses. 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.

MISU records of meal expenses did not always include written explanations of union business

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conducted or the names and titles of the persons incurring the restaurant charges. For example, check number [REDACTED] was written to Jim Kowalski on August 08, 2012 in the amount of \$133.07. The memo section on the check stub indicates the purpose was re-imburement for “refreshments”. No receipt(s) or further explanation was available. 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.

2. Failure to Record Receipts

MISU did not retain any receipt documentation. 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

During the audit, Mr. Moore advised OLMS that the executive board authorized four hours of pay for attending executive board meetings at the May 17, 2011 meeting. The union’s constitution in Article 3, 3.0 authorizes the executive board to: “appropriate funds, and incur and defray necessary expenses”. Per the May 17, 2011 meeting minutes: “Pay for attending e-board mtgs-topic to be voted on by E-Board”. A review of meeting minutes after May 17, 2011 does not indicate a formal vote took place, but does indicate discussions took place. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Other

During the audit it was disclosed that MISU does not maintain a running book balance. OLMS suggests that MISU should maintain a running book balance so that an accurate LM-3 can be prepared. The checking account balances reported should be obtained from your organization’s books as reconciled with the balances shown on bank statements.

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

I want to extend my personal appreciation to MISU 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,

[REDACTED]
Investigator

cc: Mr. John Moore, Treasurer