



January 24, 2017

Mr. Richard Johnson III, Treasurer
University of San Francisco Faculty Association
University of San Francisco
[REDACTED]
San Francisco, CA 94117

Case Number: 530-6007420 [REDACTED]
LM Number: 507419

Dear Mr. Johnson III:

This office has recently completed an audit of University of San Francisco Faculty Association Local 4269 (USFFA) 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 on September 14, 2016, 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 USFFA 2015 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

USFFA did not maintain documentation for reimbursed expenses. For example, \$1,073.69 was reimbursed to Elliot Neaman for an awards dinner but USFFA did not maintain supporting documentation for this reimbursement. However, at the conclusion of the audit, all reimbursements to Neaman for USFFA-related dinners were adequately supported by the documentation he provided.

USFFA did not maintain documentation for credit card expenses. For example, per the USFFA general ledger, there were charges to a Capital One Visa credit card totaling \$10,271.86 but USFFA did not provide supporting documentation for these expenses.

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

USFFA did not require officers to submit itemized receipts for meal expenses. For example, per the USFFA general ledger, USFFA spent \$2,998.79 on meals and entertainment but USFA did not provide supporting documentation for these expenses. The union must maintain itemized receipts provided by restaurants to officers. 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.

USFFA records of meal expenses should have included written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

In addition, USFFA did not maintain documentation for catering food and drinks. For example, per the USFFA general journal, USFFA spent a total of \$2,581.98 on catering food and drinks but USFFA did not provide supporting documentation for these expenses.

3. Information not Recorded in Meeting Minutes

During the audit, Mr. Richard Johnson III advised OLMS that USFFA Policy Board authorized non-reoccurring disbursements at its monthly meeting and that these authorizations were recorded in the meeting minutes. The USFFA Constitution and By-Laws which were not provided by USFFA but located on the USFFA website do not contain any language for authorizations of disbursements. The USFFA Policy Board meeting minutes which were also not provided by USFFA but located on the USFFA website do not contain any references for the authorization of disbursements except on one occasion when the USFFA Policy Board agreed to add \$10,000 to the Ellene Egan

Scholarship fund. Minutes of the USFFA Policy Board meetings must report any disbursement authorizations made at those meetings.

4. Lack of Stipend/Salary Authorization

USFFA did not maintain records to verify that the salaries/stipends reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 was the authorized amount and therefore was correctly reported. For example, per the USFFA general ledger, USFFA spent \$72,016.94 on stipends and \$49,280.40 on President Elliot Neaman's salary but USFFA did not provide supporting documentation for these expenses. During the audit, President Elliot Neaman provided a written statement from the union's founding President, [REDACTED], explaining that since the beginnings of the union, the president was provided one-third of his university salary as a stipend. However, absent supporting documentation of the president's current university salary, it was not possible to verify if the correct amount of stipends was paid to the president. The union must keep a record, such as meeting minutes, to show the current salary/stipend 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 USFFA's LM 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. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by USFFA for the fiscal year ended June 30, 2013, was deficient in that:

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. USFFA amended its constitution and bylaws in September 2012, but did not file a copy with its LM report for that year.

USFFA has now filed a copy of its constitution and bylaws with OLMS.

I want to extend my personal appreciation to University of San Francisco Faculty Association for

Mr. Richard Johnson III

January 24, 2017

Page 4 of 4

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. Elliot Neaman, USFFA Full-Time Faculty President
Mr. Brian Weiner, USFFA Full-Time Faculty Vice-President
Mr. John Higgins, USFFA Part-Time Faculty President