



October 16, 2018

Mr. Edward Sambriski, President
University Professors, AM ASN, IND
Delaware Valley College Chapter
700 E. Butler Avenue
Doylestown, PA 18901

Case Number: 140-6012980 [REDACTED]
LM Number: 541-387

Dear Mr. Sambriski:

This office has recently completed an audit of University Professors, AM ASN, IND, Delaware Valley College Chapter (DVCC) 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 Vice President Tracy Hunt and Treasurer Karen McPherson on October 15, 2018, 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 DVCC's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

DVCC did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by union officers totaling at least \$22,480.59. For example, there was no

backup documentation to support a disbursement totaling \$4,018.60 on September 9, 2016 to Willig, Williams & Davidson. There was also no backup documentation to support an entry in the general ledger on March 30, 2017 totaling \$3,321.50 for “NYC conference, hotel, etc.” which appeared on the bank statement as 16 individual entries.

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. Receipt Dates not Recorded

An entry in DVCC’s receipts journal reflected the date the union deposited money, but not 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 LM-3. 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. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Retention of Records

The audit disclosed DVCC failed to maintain records pertaining to its regularly scheduled elections of officers. Title IV, Section 401(e) of the LMRDA stipulates that the election officials designated in the constitution and bylaws or the secretary, if no other official is designated, shall preserve for one year the ballots and all other records pertaining to the election. Title IV requirements apply to regular, periodic, officer elections. Interim elections to fill vacancies and elections of non-officer positions are not covered by Title IV.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file DVCC’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-3 filed by DVCC for the fiscal year ended August 31, 2017, was deficient in that:

Disbursements to Officers

DVCC did not include some reimbursements to officers totaling at least \$1,475.11 in the amounts reported under Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to DVCC officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that DVCC file an amended LM report for 2017 to correct the deficient items, but DVCC has agreed to properly report the deficient items on all future reports it files with OLMS.

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 DVCC's officers and employees were not bonded for the minimum amount required at the time of the audit. However, DVCC 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. Check Signatures

According to Article V, Section 5.06(f) of the DVCC Bylaws, "All checks shall be signed by two out of three of the president, vice president and treasurer." 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. The audit revealed that check [REDACTED] dated June 26, 2017 in the amount of \$377.00 issued to Treasurer Karen McPherson for the Washington, D.C. conference was signed only by Treasurer McPherson. Only having one signatory sign a check does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that DVCC review these procedures to improve internal control of union funds.

2. Personal Use of Debit Card

The audit revealed that Vice President Hunt used his union assigned debit card to pay for personal expenses on at least two occasions totaling \$212.69. Vice President Hunt promptly repaid DVCC for the personal expenses charged. During the exit interview, Vice President Hunt advised that he inadvertently used his union assigned debit card to pay for these personal expenses instead of his personal card and quickly repaid the union upon learning of the error. OLMS does not recommend officers make personal charges to union assigned debit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to University Professors, AM ASN, IND 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]

[REDACTED]

Investigator

cc: Ms. Karen McPherson, Treasurer