



By Electronic Mail
June 30, 2020

Ms. Crystal Gould, Treasurer
Teachers Local 2413
99 Hollywood Drive
Smithtown, NY 11787

Case Number: 130-6014933
LM Number: 514579

Dear Ms. Gould:

This office has recently completed an audit of Teachers Local 2413 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 Treasurer Crystal Gould on June 30, 2020, 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 Local 2143's 2019 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 2143 did not accurately record in its general ledger one check deposited into the local's account totaling \$682.06. For example, on May 17, 2019 the local electronically deposited a dues checkoff check for \$682.06 into the local's checking account. On May 21, 2019 the bank deemed the routing number/account number invalid and reversed the

deposit. On June 6, 2019, the dues checkoff check was re-deposited into the local's account. The local's general ledger did not reflect the deposit date of June 6, 2019.

2. Failure to Record Disbursements

Local 2143 did not record in its general ledger one check withdrawn from the local's account totaling \$682.06. For example, on May 17, 2019 the local electronically deposited a dues checkoff check for \$682.06 into the local's checking account. On May 21, 2019 the bank deemed the routing number/account number invalid and reversed the deposit creating a withdrawal from the local's account. This withdrawal was not accounted for in the local's general ledger. The local also failed to record a service fee of \$12.00 applied on May 21, 2019 for the returned deposit.

Based on your assurance that Local 2413 will adequately record all receipts and disbursements in the general ledger in the future, OLMS will take no further enforcement action at this time regarding the record keeping violations.

Reporting Violations

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 Local 2413 for the fiscal year ended June 30, 2019, was deficient in the following areas:

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 2413's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Per the local's bank statements, the beginning cash balance in Item 25(A) should be \$21,421.42.

4. Failure to Report Disbursements

According to your fiscal year ending 2019 LM-3 Report, Statement B, you reported a total amount of \$8,289 was disbursed for the audit period. However, the union books indicate \$11,983.56 was disbursed for the audit period. The bank records state the total disbursements for the audit period were \$11,983.56. Any amount disbursed to NYSUT for per capita tax should be reported on Statement B, Line 47.

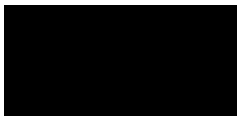
6. Failure to Report Receipts

According to your fiscal year ending 2019 LM-3 Report, Statement B, you reported the local's total receipts for the audit period were \$14,627. However, the union books indicate a total receipt amount of \$10,672.93. The bank statements indicate total receipts for the fiscal year were \$14,170.80. Any amount received for dues should be reported on Statement B, Item 38.

Local 2413 must file an amended Form LM-3 for the fiscal year ended June 30, 2019, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than September 1, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate. Please include your most recently amended Constitution and Bylaws with the LM-3 Report.

I want to extend my personal appreciation to Teachers Local 2413 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: , NYSUT Senior Accountant

, NYSUT