



August 21, 2020

Ms. Debbie J. Mullikin, President
NTEU Chapter 73
P. O. Box 12389
Covington, KY 41012-0389

Case Number: 350-6018302
LM Number: 503274

Dear Ms. Mullikin:

This office has recently completed an audit of NTEU Chapter 73 under the Compliance Audit Program (CAP) to determine your organization's compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As described in an email sent to you and Treasurer Janet Colwell on August 17, 2020 and as discussed via phone today with you, Ms. Colwell, and the union's accountant, Jeff Schoborg, the following problems were disclosed during the CAP. (Please note 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 Chapter 73's fiscal year (FY) 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Chapter 73 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by officers and employees during FY 2019. For example, Chapter 73 failed to provide during the compliance audit copies of all hotel bills and airline tickets purchased for official travel. Chapter 73 also failed to provide all travel vouchers regarding expenses incurred by officers and employees during official travel. Moreover, Chapter 73 failed to maintain a

vendor receipt for a photo booth rented for a membership event, and Chapter 73 failed to maintain records that would adequately document fuel purchases for usage of personal vehicles to conduct union business.

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. Reimbursed Auto Expenses

Fuel charges totaling \$542.13 were placed on Chapter 73's credit card; however, the union did not maintain documentation identifying who had made the charges or where they had traveled, only general descriptions of the union business performed. In addition, some vendor receipts for those charges were not provided to OLMS. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. Those records must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses. That information is required so it can be properly disclosed in Item 24 (Officers and Disbursements to Officers) in Item 24 and Item 46 (To Employees) of the Form LM-3 Labor Organization Annual Report.

3. Disposition of Property

Chapter 73 did not maintain an inventory of property. The union must report the value of any union property on hand at the beginning and end of each year in Statement A of the LM-3. Therefore, Chapter 73 must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Statement A. In addition, the union must maintain a record of property purchased, sold, donated or otherwise disposed of and also report that information on the LM-3 in the appropriate items.

Based on your assurance that Chapter 73 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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 Chapter 73 for the fiscal year that ended 09/30/2019 was deficient in the following areas:

1. Statement B

Chapter 73 disclosed receipts totaling \$88,830 and disbursements totaling \$153,300; however, records provided to OLMS during the audit show receipts actually totaled \$102,399 and disbursements totaled at least \$166,479.

2. Item 24 Officers and Disbursements to Officers

Item 24 did not disclose all direct and indirect payments to officers in FY 2019. While records provided to OLMS during the audit showed payments to officers totaled at least \$11,952, Item 24 of the FY 2019 Form LM-3 disclosed payments totaling only \$8,976. In addition, there were fuel charges on Chapter 73's credit card that could have been made by an officer and, if so, should also have been reported in Item 24. (If they were not made by an officer but by an employee, such as a shop steward, in the performance of union business, then they should have been reported in Item 46, which was \$0.00 on the FY 2019 Form LM-3.)

3. Indirect Disbursements for Temporary Lodging and Transportation by Public Carrier for Official Business

It appears that Chapter 73 reported charges on the union's credit card for temporary lodging and transportation by public carrier for official business in Item 54 (Other Disbursements) rather than in Item 48 (Office and Administrative Expense). Instructions for the Form LM-3 state that charges on a union's credit card for temporary lodging at a hotel or transportation by an airline for the performance of union business should be disclosed in the aggregate in Item 48. (Had officers or employees of the union made those charges on their personal credit cards and later been reimbursed by the union, then the amounts of those transactions should have been reported in Items 24 and 46 respectively.)

4. Fixed Assets

Chapter 73 did not disclose the value of fixed assets in Item 29. As noted above, Chapter 73 should maintain a property inventory and disclose the value of property at the beginning and end of the fiscal year in Statement A of the Form LM-3.

I am not now requiring Chapter 73 to file an amended LM report for FY 2019 to correct the deficient items, but Chapter 73 must agree to properly report these deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to NTEU Chapter 73 for the cooperation and courtesy extended during this compliance audit, particularly while its members are serving their country in the performance of their official duties with the U.S. Department of the Treasury during a national emergency. I strongly recommend that you publicize to your membership and pass on to future officers the findings in this letter and the compliance assistance materials OLMS provided during the audit. If we can provide future assistance, please call the OLMS Cincinnati-Cleveland District Offices at (513) 684-6840 or (216) 357-5455.

Sincerely,

Megan Ireland
District Director

cc: Janet Colwell, Treasurer