



November 17, 2020

Case Number: 530-6018027  
LM Number: 545502

Ms. Marion Tobie, Treasurer  
Teachers LU 6563  
2001 Center St.  
Ste. 600  
Berkeley, CA 94704

Dear Ms. Tobie:

This office has recently completed an audit of Teachers LU 6563 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 November 17, 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 6563's 2019 records revealed the following recordkeeping violations:

#### 1. Failure to Record Receipts

Local 6563 did not record in its receipts records the source of the dues checkoff checks. For example, the union recorded a deposit of \$22,951.52 on March 22, 2019, as "dues". The deposit was comprised of checks dated December 2018-March 2019. 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.

## 2. No Meeting Minutes

During the audit, Ms. Tobie advised OLMS that there was one membership meeting but no meeting minutes could be located. Per the bylaws, the membership should approve the annual budget. It is unknown if the minutes of the meeting contain any reference to the budget since Local 6563 maintained no minutes of that meeting. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 6563 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 Local 6563 for the fiscal year ended August 31, 2019, was deficient in that:

### 1. Disbursements to Officers (LM-3)

Local 6563 did not include some reimbursements to officers totaling at least \$242 in the amounts reported 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 Local 6563 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 Local 6563 file an amended LM report for 2019 to correct the deficient item, but Local 6563 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Teachers LU 6563 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,

A solid black rectangular box used to redact the signature of the sender.

Senior Investigator