

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 22,2008

Mr. Randy Willier
RISD Part Time Faculty Local 895
74 Lincoln Avenue
Riverside, RI 02915

LM File Number: 541-156

Case Number: [REDACTED]

Dear Mr. Willier:

This office has recently completed an audit of RISD Part Time Faculty Local 895 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 exit interview with you on December 18, 2008, 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 895's records for the year ending August 31,2007 revealed the following recordkeeping violations:

Failure to Record Receipts

Local 895 did not record in its receipts record an employer dues checkoff check in the amount of \$71.69 for August 2007. 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.

Based on your assurance that Local 895 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 LM-3 filed by Local 895 for fiscal year ending August 31,2007, was deficient in the following areas:

1. Disbursements To Officers and Employees

Local 895 did not report reimbursements to officers totaling at least \$545.95 in Item 24 E (Allowances and Other Disbursements). It appears the local reported these disbursements in Item 48 (Office & Administrative Expense). The local also failed to report \$200 in stipends paid to union members for conducting union business in Item 46 (To Employees). It appears that the local erroneously reported these payments in Item 49 (Professional Fees).

The union must report most direct disbursements to Local 895 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

2. Per Capita

Local 895 incorrectly reported \$44,770 disbursed in Item 47 (Per Capita Tax) during the audit year. The audit revealed that the local actually paid \$38,574 in per capita during the audit year.

3. Cash Reconciliation

It appears that the cash figure reported in Item 25B (End of Reporting Period) is not the cash figure according to the union'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.

Other Issues

Signing Checks

Your union's by-laws state that all checks shall be signed by the Treasurer or the President. Any checks in excess of two hundred and fifty dollars (\$250) shall have two signatures: the second signature may be that of the Vice President. The audit revealed a number of checks in excess of two hundred and fifty dollars disbursed with only the signature of the 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. OLMS recommends that Local 895 review these procedures to improve internal control of union funds.

RISD Part Time Faculty Local 895 must file an amended Form LM-3 for fiscal year ending August 31,2007 to correct the deficient items discussed above. The local's officers were provided a blank LM-3 form and instruction guide during the exit interview. Local 895's president and treasurer completed an amended LM-3 for the fiscal year ending August 31,2007 and provided that amended LM-3 report to OLMS at the conclusion of the exit interview.

I want to extend my personal appreciation to RISD Part Time Faculty Local 895 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,

Mark Letizi
District Director

cc: Ms. Jane Szurek, Treasurer