

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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June 26,2008

Mr. Robert E. Garza, Treasurer
Treasury Employees Union Ind
Chapter 145
P. O. Box 640
CBP Building Convent and Zaragoza Room 214
Laredo, Texas 78042

LM File Number 509-575

Case Number: [REDACTED]

Dear Mr. Garza:

This office has recently completed an audit of NTEU Chapter 145 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, Cesar De Los Santos, and Barry Ligus on June 20,2008, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 145's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Charge Card Expenses

Chapter 145 did not retain adequate documentation for reimbursed expenses and charge card expenses incurred by union officers and members totaling at least \$500. For example, there were no receipts to verify the payments to Election Committee Chair Sandra Vasquez. Also, Chapter 145 did not maintain receipts and documentation for the ATM withdrawals and charges at local restaurants.

As previously 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. Meal Expenses

Chapter 145 did not require officers and employees to submit sufficiently itemized receipts for meal expenses totaling at least \$500. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Chapter 145 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the meal receipts provided by you and former

Treasurer did not reference the union business or the names of the members who incurred the expense. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Failure to Record Receipts

Chapter 145 does not maintain a receipts record for the member dues and employer dues check-off checks. 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.

4. Information not Recorded in Meeting Minutes

During the audit, Ms. Ruiz advised OLMS that the membership authorized the Christmas party and door prizes at its November 2006 meeting. The Bylaws for NTEU Chapter 145 Part IV requires that the necessary chapter expenditures and the procedures for payment of authorized chapter expenditures be authorized by the executive board. However, Chapter 145 did not maintain minutes of the executive board meetings. Ms. Ruiz also advised that she shredded the minutes of the membership meetings which authorized the expenditures for the Christmas party and door prizes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Chapter 145 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Pursuant to 29 C.F.R.,Section 458.3, the reporting requirement under 29 C.F.R.Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA))is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report Form LM-3 filed

by Chapter 145 for fiscal year ending September 30, 2007 was deficient in the following areas:

1. Disbursements to Officers

NTEU Chapter 145 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The chapter must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The chapter must report most direct disbursements to NTEU Chapter 145 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).

2. Delinquent Report

The Labor Organization Annual Report Form LM-3 filed by Chapter 145 for fiscal year ending September 30, 2007, was not filed until February 13, 2008. Form LM-3 must be filed within 90 days after the end of your organization's fiscal year. The law does not authorize the U. S. Department of Labor to grant an extension of time for filing reports for any reason.

NTEU Chapter 145 was advised to file an amended Form LM-3 for fiscal year ending September 30, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). An acceptable amended Form LM-3 was received by this office on June 26, 2008.

I want to extend my personal appreciation to NTEU Chapter 145 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

Mr Robert F. Garza

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passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Cesar De Los Santos President