

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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October 27, 2009

Mr. Michael Martin, Treasurer
Teachers AFL-CIO
Local 3576
8700 NW River Park Drive
Parkville, MO 64152

LM File Number 509-683
Case Number: [REDACTED]

Dear Mr. Martin:

This office has recently completed an audit of Teachers Local 3576 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 October 22, 2009, 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.

The CAP disclosed the following:

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 3576's 2008 records revealed the following recordkeeping violations:

1. Failure to Record Transactions

As explained above, all financial transaction of the local must be recorded. Union receipt and disbursement records must show the actual dates of receipt and disbursement of funds. The dates, amounts, and union purpose of the transactions are required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money.

2. Information not Recorded in Meeting Minutes

You indicated during our opening interview that Local 3576 does keep meeting minutes, but they were unable to be located for the audit. Because this is a record that has been previously created, it must be kept for at least five (5) years. Included in the minutes should be records of financials transactions discussed and approved during these meetings.

3. Voided Checks

Local 3576 does not keep its voided checks. This is a record of the local's which must be retained for at least five (5) years.

Based on your assurance that Local 3576 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 3576 for fiscal year ending August 31, 2008, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures 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.

2. Receipts/Disbursement Figures

Item 38 (Dues) and subsequently Item 44 (Total Receipts) were underreported by almost \$2,000. This was obviously due to the failure to record receipts as they came in.

Also, Item 55 (Total Disbursements) was underreported by over \$5,000 and was once again obviously due to the failure of the local to accurately record transactions as they occurred.

Local 3576 must file an amended Form LM-3 for fiscal year ending August 31, 2008, 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). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than November 5, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Teachers Local 3576 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

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

Sincerely,

[REDACTED]

Investigator

cc: John Hamilton, President