

U.S. Department of Labor

Office of Labor-Management Standards
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October 1, 2010

Ms. Helen Babcock, Treasurer
National Education Association,
East Ramapo School Lunch Association
340 North Main Street
Spring Valley, NY 10977

Case Number: [REDACTED]

Dear Ms. Babcock:

This office has recently completed an audit of the National Education Association, East Ramapo School Lunch Association (NEA), under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). As discussed during the exit interview with you on September 24, 2010, 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.

Reporting Violations

Deficient Annual Report

The CAP 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 your union for fiscal year ending August 31, 2009, was deficient in the following areas:

1. Item 2, Period Covered:

The report incorrectly noted "09/30/2008" as the start of the fiscal year. The correct date is "09/01/2008" - which reports the union's financial activity for the period of one year.

2. Items 39 through 55, Receipts and Disbursements:

The following items were also incorrectly reported:

Item 38: Dues should be reported as \$13,962

Item 44: Total Receipts should be reported as \$43,989

Item 51: Contributions, Gifts, & Grants should be reported as \$2,370

Item 55: Total Receipts should be reported as \$17,844

The union agreed to work with OLMS to file an amended LM-3 report for the year-ended August 31, 2009, to correct the above deficiencies.

Record Keeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. The union failed to maintain the documents substantiating disbursements. These records are considered a financial record and must be maintained for a minimum of five years. This is a violation of Section 206 of the LMRDA (Retention of Records). Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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.

It was discovered during the CAP that the union failed to maintain records regarding disbursements, such as bills and invoices. During the exit interview, you stated that the union will keep all of such records in the future. As agreed, provided that the NEA maintains adequate documentation as discussed above, no additional enforcement action will be taken regarding these violations.

Other Violations

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding). The NEA maintained coverage that contained a deductible which is not permissible. The union has agreed to work with OLMS to comply with Section 502.

I want to extend my personal appreciation to the NEA 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: S. Zahman, Pres.