



June 19, 2012

Mr. Joseph Bernarding, President
Carnegie Mellon Campus Police Association
[REDACTED]

Case Number: [REDACTED]
LM Number: 516041

Dear Mr. Bernarding:

This office has recently completed an audit of the Carnegie Mellon Campus Police Association (CMCPA) 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, Vice President Nello Bruno, and Treasurer Paul Helffrich on June 13, 2012, 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 the CMCPA 2012 records revealed the following recordkeeping violations:

1. Failure to Record Receipts, Disbursements, and Union Accounts

The local union did not record in its receipts records employer dues check off checks during the period March through October 2010 totaling \$12,268.70. A December 2010 deposit to the union's share account, in the amount of \$135.00, also was not recorded. The records should show the date and amount received, and the source of the money. During the period March through October 2010, the union did not record disbursements totaling \$1,451.67. Savings accounts activities were not recorded in the union records including a \$1,000.00 withdrawal from one account, and the ending cash balance for all three accounts totaling \$6,259.42. Union records must include an adequate identification of all money the union receives and disburses, and all accounts maintained by the union.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Bernarding advised OLMS that the membership authorized payment of his Comcast and Verizon bills more than 12 years ago, and the purchase of a retirement watch was approved informally by the Executive Board several years ago. Additionally, minutes document approval to purchase Giant Eagle gift cards for the membership but do not record approval for the eight management team members who Mr. Bernarding advised were also given a gift card. All authorizations obtained during a union meeting must be documented in the minutes. Additionally, the authorizing motion must be as specific as possible, for example: "Authorized purchase of Giant Eagle gift cards for the membership and the following management team members..." The union's available meeting minutes do not contain any reference to the union paying the Comcast and Verizon bills nor do these minutes indicate authorization to purchase Giant Eagle gift cards for management team members. Unions must authorize recurring expenditures and, if a standing order or policy has been adopted, the union must maintain records authorizing such a policy or standing order in at least one union record. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Failure to retain records

The union failed to keep recorded minutes for membership and executive board meetings conducted during the audit period, and failed to keep bank statements and check off records for some months.

Based on your assurance that the union 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 the CMCPA for the fiscal years ended March 31, 2010 and March 31, 2011, were deficient in the following areas:

1. Disbursements to Officers

The CMCPA did not include some reimbursements to officers totaling at least \$3,086.00 in the 2010 and \$4,863.00 in the 2011 amounts reported on Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or did not report them on the LM-3.

The union must report most direct disbursements to CMCPA 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. Cash Reconciliation

The cash figures reported in Item 25 (Cash) are not the figures according to the CMCPA'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. The union's journal records did not include all receipts and disbursements. Consequently, cash did not reconcile by \$17,143.00 in 2010 and by \$13,949.600 in 2011.

The CMCPA must file an amended Form LM-3 for the fiscal years ended March 31, 2010 and March 31, 2011, to correct the deficient items discussed above. I encourage the CMCPA to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 27, 2012 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. The CMCPA amended its constitution and bylaws

but did not file a copy with its LM report for the year it was updated. The CMCPA has now filed a copy of its constitution and bylaws.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that the amount of the CMCPA's bond is sufficient; however, the bond includes a \$200.00 deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. The CMCPA provided proof of the deductible amount removed from its policy. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

President Bernarding advised that the union did not have an ATM card but bank statements record a monthly fifty cent charge for "debit card monthly fee." Treasurer Paul Helffrich advised that the union had an ATM card that was sent when the account opened but it is not used. He plans to cancel the card within the next few weeks as he consolidates the union's accounts into one checking account.

"Logged off duty" vouchers appeared to record more than one claim for the same day due to a lack of specific information. President Bernarding's June 4, 2010 voucher appears to list his March 26, 2010 claim two times because the hours were not documented as separate discussions concerning an employee's "termination." His vouchers dated October 20, 2010 and December 22, 2010, appear to claim the same Labor Management meeting on October 7, 2010 because the purpose is not documented as two separate meetings during different shifts that day. OLMS recommends that "logged off duty" hours be explained in detail to include the time of day, and/or shift, to avoid questions.

President Bernarding advised that an audit report was prepared by an outside accountant, however, only a statement was issued indicating that the union records were in order. Although an outside audit is not required, if the union decides to have one performed, then the union should obtain some type of financial report completed by the accountant and made available to the membership. The union could also appoint trustees to conduct an internal audit.

CMU issued a dues receipts check for pay period 29 (July 2010) that was never deposited and remains outstanding in the payroll records. Treasurer Paul Helffrich will contact payroll and obtain a new check for this missing payment. He will document it properly in union records to explain the extra dues receipt this fiscal year.

Mr. Joseph Bernarding

June 19, 2012

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I want to extend my personal appreciation to Carnegie Mellon Campus Police Association 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 black rectangular redaction box covering the signature of the sender.

Senior Investigator

cc: Mr. Paul Helffrich, Treasurer
Mr. Nello Bruno, Vice President