



May 29, 2012

Mr. John McAdarra, President  
Scranton Counseling Center Employees  
326 Adams Avenue  
Scranton, PA 18503

Case Number: [REDACTED]  
LM Number: 512-072

Dear Mr. McAdarra:

This office has recently completed an audit of Scranton Counseling Center Employees Association (SCCEA) 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 May 24, 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 Violation

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 SCCEA's 2010 records revealed the following recordkeeping violation:

General Expenses

The union did not retain an invoice for a check disbursement totaling \$1,500.00 made payable to Mike Gavigan, the union's accountant, for accounting services rendered. The union also did not maintain adequate documentation for a check disbursement made payable to Preit Gift Cards in December 2010 totaling \$16,522.00 for gift cards purchased

for the membership. Supporting documentation for the two check disbursements was obtained during the audit.

As 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.

#### Reporting Violation

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 audit disclosed the following violation of this requirement:

The union was delinquent in filing Labor Organization Annual Report Form LM-4 for the fiscal year ending December 31, 2011.

The law requires the president and treasurer or corresponding principal officers of each labor organization to file an annual financial report with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year. Any labor organization which has terminated and ceased to exist or lost its identity through merger or consolidation must file a terminal financial report within 30 days of such action.

On the above date, SCCEA filed Form LM-4 for fiscal year ending December 31, 2011.

I want to extend my personal appreciation to SCCEA 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,



Investigator

cc: Ms. Colleen Melnick, Secretary