



February 27, 2013

Mr. Frank Brooks, Treasurer
Roosevelt Adjunct Faculty Organization
4284 S. Dorchester Ave, #2
Chicago, IL 60615-2034

Case Number: 310-23387-
LM Number: 542-235

Dear Mr. Brooks:

This office has recently completed an audit of Roosevelt Adjunct Faculty Organization (RAFO) 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 and Illinois Education Association Organizer Bill Silver on December 20, 2013, the following problems were disclosed during the compliance audit. 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 RAFO's 2011 records revealed the following recordkeeping violations:

1. Dues Remittance Reports

RAFO failed to maintain records that adequately identified the source of its receipts. Specifically, RAFO failed to maintain all of the dues remittance reports provided by Roosevelt University to support the checkoff payments made by Roosevelt University to RAFO. Union receipt records must include adequate identification information of all the money the union receives.

2. Meal Expenses

RAFO did not consistently require its officers to submit itemized receipts for meal expenses totaling at least \$50. The union must maintain itemized receipts provided by restaurants to officers. 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.

3. Meeting Minutes

RAFO failed to maintain minutes for its November 2011 executive board meeting. Article V, Section A of RAFO's Bylaws requires that the executive board approve expenditures as are necessary and reasonable for the operation of RAFO. Due to the lack of minutes from the November 2011 executive board meeting, RAFO does not have sufficient documentation to support the authorization of disbursements during that meeting.

Based on your assurance that RAFO 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 violations 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 RAFO for the fiscal year ended December 31, 2011 was deficient in the following areas:

1. Terminal Report

RAFO mistakenly marked the 2011 LM-3 report as being a terminal report in Item 3(b). The LM-3 instructions state that a labor organization is not to complete Item 3(b) unless the labor organization has gone out of business by disbanding, merging with another union, or being merged and consolidated with one or more labor organizations to form a new labor organization. As RAFO did not disband or merge with another union, it should not have checked Item 3(b).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) do not accurately reflect the figures in Local Division 859'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.

RAFO over-reported its starting cash balance in Item 25(A) by \$7,821. Per the 2011 LM-3 Report, the union had a starting cash balance of \$66,230; however, the union's book records reflected a starting cash balance of \$58,409.

RAFO under-reported its end cash balance in Item 25(B) by \$59,980. Per the 2011 LM-3 Report, the union had an end cash balance of \$0; however, the union's book records reflect an end cash balance of \$59,980.

3. Item 46 – Disbursements to Employees

RAFO failed to report direct payments to employees totaling at least \$1,092 in Item 46 (Cash Disbursement to Employees). It appears that the union erroneously reported these disbursements in Item 54 (Other Disbursements). The LM-3 instructions require that all direct and indirect disbursements to employee of the filing labor organization be reported in Item 46. This includes disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees.

4. Item 48 – Office and Administrative Expenses

RAFO under-reported the total disbursements noted in Item 48 (Office and Administrative Expenses) by \$1,097. For example, RAFO did not include a disbursement of \$663.80 to Petterino's Restaurant in Chicago, IL for the executive board year end meeting in the total reported in Item 48.

5. Item 49 – Professional Fees

RAFO under-reported the total disbursements noted in Item 49 (Office and Administrative Expenses) by \$75. Specifically, RAFO did not report a \$75 disbursement to the American Arbitration Association in Item 59.

RAFO must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage RAFO to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.dol.gov/olms. Reporting forms and instructions can also be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically or submitted to this office at the above address by no later than Friday, March 8, 2013. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

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I want to extend my personal appreciation to RAFO 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 solid black rectangular box used to redact the signature of the sender.

Senior Investigator