



August 10, 2015

Mr. Joseph Roberts, Treasurer  
National Education ASN, IND Local 845  
1 Old Ferry Road  
Bristol, RI 02809

Case Number: 110-6003692 [REDACTED]  
LM Number: 511327

Dear Mr. Roberts:

This office has recently completed an audit of National Education ASN, IND Local 845 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 Local 845 President June Speakman and you on July 23, 2015, 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 Local 845's 2014 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Local 845 did not retain adequate documentation for a reimbursed expense incurred by former Local Treasurer [REDACTED] totaling \$9.80. The expense for postage was not properly supported with a receipt.

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.

2. Meal Expenses

Local 845 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, former Local President [REDACTED] was reimbursed \$34.07 for a meal at Panera Bread on February 13, 2014. While the union's disbursement journal described the meal as "lunch union meeting," there was no indication of the specific union purpose or who attended the meeting. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lack of Stipend Authorization

Local 845 did not maintain records to verify that the stipends reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current stipend authorized by the entity or individual in the union with the authority to establish stipends.

4. Loan Program

Local 845 failed to maintain adequate documentation supporting the authorization of three loans made to union members totaling \$4,900. While the union did retain promissory notes signed by the recipients, the local failed to maintain email votes sent by executive board members authorizing the loans. Additionally, the decision to authorize the loans was not recorded in the executive committee meeting minutes.

5. Student Scholarship Program

Local 845 did not maintain records supporting the selection of eight students who each received a \$1,000 scholarship from the union. Local 845's financial committee did not maintain student applications or document its scholarship decisions in meeting minutes. Local 845 could not provide supporting documentation to show that the scholarships were not distributed arbitrarily.

6. Reception Expenses

Local 845 did not retain adequate documentation to support payment for its 2014 fall reception totaling \$1,974.77. On September 2, 2014, the local disbursed a check in the aforementioned amount to DeWolf Tavern located in Bristol, Rhode Island. The local failed to maintain an invoice or other documentation supporting the disbursement.

Based on your assurance that Local 845 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 845 for the fiscal year ended September 30, 2014, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 845 did not include some reimbursements to officers totaling at least \$43.87 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). Also, Local 845 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). For example, the union reported that Local President Speakman received \$1,000 when in fact former Local President Bosco, who was not included in Item 24, received the local president's stipend. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 845 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. Failure to Report Loan

Local 845 failed to report the amount of loans receivable in Item 26 (Loans Receivable) and underreported the amount of outstanding loans in Item 56 (Additional Information). The local reported in Item 56, three loans made to union members during the fiscal year totaling \$4,900, but failed to report an additional \$1,400 owed to the union from a loan made to a member in 2007.

Local 845 must file an amended Form LM-3 for the fiscal year ended September 30, 2014, 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](http://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 September 10, 2015. Before filing, review the

report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Loans

Article XIV of Local 845's constitution limits the amount of loans made to union members to \$1,900. During the fiscal year, two union members each received a \$2,000 loan from the local in violation of Article XIV. OLMS recommends a review of the local's constitution and bylaws to ensure compliance with internal requirements.

2. One Signature on Local Checks

As discussed during the exit interview, the audit revealed that Local 845 does not have a two signature requirement for local checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 845 review its procedures to improve internal control of union funds.

I want to extend my personal appreciation to National Education ASN, IND Local 845 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. June Speakman, President