



March 22, 2024

Mr. Brandon Day, Secretary/Treasurer  
Texas State Association of Fire Fighters (TSAFF) 42  
1101 Lavaca Street  
Austin, TX 78701

Case Number: 420-6028169( )  
LM Number: 545791

Dear Mr. Day:

This office has recently completed an audit of Texas State Association of Fire Fighters (TSAFF) 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, President John Riddle, and Assistant to the Secretary/Treasurer Liz Wright on March 19, 2024, 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 TSAFF's records for the period of August 1, 2022, to July 31, 2023, revealed the following recordkeeping violations:

1. Meal Expenses

Some TSAFF records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, at least two meal charges totaling \$910 incurred by Secretary/Treasurer Brandon Day did not include adequate descriptive information on receipts. 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.

2. General Disbursement Records

TSAFF did not maintain adequate records for some disbursements to vendors totaling at least \$1,111. For example, the organization did not retain invoices to support disbursements to AT&T, Knights of Habana, and Catch a Trophy Fishing Guide Service, LLC. A union must maintain itemized receipts and/or invoices provided by merchants and vendors. These itemized invoices are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Disposition of Property

TSAFF did not maintain an inventory of hats, t-shirts, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, t-shirts, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that TSAFF 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-2 filed by TSAFF for the fiscal year ended July 31, 2023, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away shirts and other items during the year. The union must identify the

type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.” In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Fixed Assets - Automobile

TSAFF did not include the details of its 2018 Ford Explorer in Schedule 6 (Fixed Assets) of the LM-2. The union must report details of all fixed assets, such as land, buildings, automobiles and other vehicles, and office furniture and equipment owned by the labor organization at the end of the reporting period. Land and buildings must be itemized, whereas automobiles and other vehicles, and office furniture and equipment should be aggregated. Include fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered on the books and periodically depreciated), fully depreciated, or carried on the labor organization's books at scrap value or other nominal value.

3. Disbursements to Officers and Employees

TSAFF incorrectly reported some meal reimbursements to officers and employees totaling at least \$556 in Column D (Gross Salary Disbursements) of Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

4. Improper Reporting of Purchase of Fixed Assets

TSAFF improperly reported reimbursements to officers and employees for the purchase of fixed assets, office supplies, and building operational and maintenance reports totaling at least \$31,184 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). As stated in the LM-2 Instructions, reimbursements to an officer or employee for the purchase of investments or fixed assets, such as reimbursing an officer for a file cabinet purchased for office use, must be reported in Schedule 4 (Purchase of Investments and Fixed Assets) and explained in Item 69 (Additional Information). In addition, office supplies, equipment, and facilities furnished to officers by the labor

organization for use in conducting official business and maintenance and operating costs of the labor organization's assets, including buildings, office furniture, and office equipment should be reported in disbursement Schedules 15-19.

I am not requiring that TSAFF file an amended LM report for fiscal year ended July 31, 2023, to correct the deficient items, but TSAFF has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Violation

The audit disclosed the following other violation:

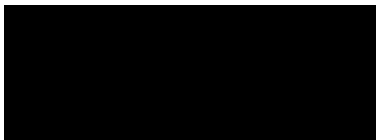
##### Inadequate Bonding

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 TSAFF's officers and employees were not bonded for the minimum amount required at the time of the audit. However, TSAFF obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Texas State Association of Fire Fighters (TSAFF) 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,



Senior Investigator

cc: Mr. John Riddle, President  
Ms. Liz Wright, Assistant to the Secretary/Treasurer