

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 16, 2007

Mr. Clinton Hirst, Treasurer
National Education Asn, Ind
University of Detroit Mercy Professors' Union
3636 Tuckahoe Road
Bloomfield Village, Michigan 48301

Re: Case Number: [REDACTED]

Dear Mr. Hirst:

This office has recently completed an audit of the University of Detroit Mercy Professors' Union (UDMPU) 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, UDMPU President Michael Canjar, and former UDMPU Treasurer Mary Higby on September 21, 2006, 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

The CAP, which covered the fiscal year ending June 30, 2006, disclosed several recordkeeping violations of Title II of the LMRDA. Section 206 requires, among other things, that the president and treasurer or corresponding principal officers of each labor organization 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, all records used or received in the course of union business must be retained.

This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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.

The date, amount, and business purpose of every expense must be recorded in at least one union record.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit revealed the following recordkeeping violations:

Receipts

The UDMPU failed to maintain all employer dues checkoff statements. The union must keep each such statement and is advised to attach a copy of the corresponding dues check issued by the employer before depositing it. The union also failed to record in its receipts journal or elsewhere in its records the identity of members who paid dues directly to it. The UDMPU is strongly encouraged to issue duplicate receipts to members for all amounts collected from them and to maintain records showing the dues payment status of each member. Such records could serve as the basis for the number of members information that must be reported on the annual financial report that the union files with OLMS and might also facilitate compliance with certain election provisions of the LMRDA.

In addition, the UDMPU failed to retain bank deposit transaction receipts. Such receipts are usually issued by bank tellers at the time deposits are made.

Officer and Employee Expenses

The UDMPU failed to retain all canceled checks to part-time employee [REDACTED] and to sufficiently describe the purpose(s) of the payments elsewhere in its records. Additionally, the union did not maintain the hotel bill or any other records to support the reimbursement of expenses incurred on the personal credit card of former Secretary [REDACTED] when she attended an out-of-town MEA conference.

Other

The audit also revealed other missing or incomplete records required to be kept to support expenditures. In addition to the aforementioned checks to [REDACTED] several other canceled checks were missing. The purpose of a \$519.32 check to [REDACTED] was not recorded in any union record nor was a bill, receipt, invoice, etc.,

maintained. Receipts were either not obtained or kept for UDMPU donations to the University of Detroit Mercy's Endowment Fund.

The recordkeeping requirement for disbursements can be most easily satisfied with a sufficiently descriptive bill, invoice, receipt, etc., that identifies the vendor's name and address, the date and amount of the transaction, and the goods or services provided. Where meal expenses are incurred, the names of individuals present and the locations (names of restaurants) must be recorded. If a receipt is not sufficiently descriptive, then the union should note the missing information on the receipt. If the business purpose of the disbursement or the identity of the recipient(s) of the goods or services is not self-evident, then the union must note such information on the receipt or some other record. If a receipt is not provided by a vendor, then the union must create a record containing the above information with a notation that original documentation was not provided. The only exception to this policy is for expenses generated by the union (e.g., salary, lost time, etc.) which, nonetheless, must be supported by some other type of documentation (e.g. lost time vouchers, payroll records, executive board and membership authorizations and/or approvals, etc.).

The audit also revealed that the UDMPU failed to consistently maintain detailed meeting minutes for executive board and membership meetings. Had detailed minutes been maintained, they might have provided information that would have helped to explain or clarify the above financial transactions.

Furthermore, the audit noted numerous inconsistencies in the names of payees recorded on check stubs and cash flow statements. The union should carefully compare these records to help prevent the filing of a deficient annual financial report with OLMS.

I recommend the union keep a cash disbursements journal which lists in chronological order all expense transactions during each month. A twelve-month summary ledger should also be maintained to accumulate the monthly cash disbursements totals. These records will also facilitate the preparation of the union's annual financial report that it is required to file with OLMS.

Conclusion/Recordkeeping Violations

Adequate records were not maintained for all financial transactions involving the UDMPU, in violation of Section 206 of the LMRDA. Contemporaneous, accurate, and complete records necessary to permit verification of the information required on your

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union's annual financial report must be preserved and kept available for examination for not less than five years after the report is filed.

The proper maintenance of union records is the personal responsibility of a union's president and treasurer. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can also result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person, not just the individuals who are responsible for filing the union's annual financial report.


You agreed that, in the future, the UDMPU will maintain adequate documentation as discussed above. Therefore, no additional enforcement action will be taken regarding these violations at this time.

I want to extend my personal appreciation to the UDMPU 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,

Ian Burg, District Director

By:


Investigator

cc: Michael Canjar, President