

U.S. Department of Labor

Employment Standards Administration
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August 6,2008

Ms. Katie Gerken, Manager
UNITE HERE Local 14
2525 West Alameda Ave.
Denver, CO 80219

LM File Number: 008-345
Case Number: [REDACTED]

Dear Ms. Gerken:

This office has recently completed an audit of UNITE HERE Local 14 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 July 25,2008, 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 14's 2007 records revealed the following recordkeeping violations:

1. General Disbursements

Local 14 did not retain adequate documentation for reimbursed expenses incurred by you totaling at least \$510 because support documentation for check did not include information about who provided the goods or services. In addition, OLMS found no support documentation in the union records for check to Dale Arthur for used furniture.

As previously 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. Failure to Record Receipts

Local 14 did not record in its receipts records some employer dues checkoff checks and two refund checks from Qwest. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 14 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Duplicate Receipts

OLMS recommends that Local 14 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable.

2. Failure to Follow Bylaws

According to Article 1, Section 2 of Local 14's bylaws, membership meetings should be held quarterly. According to Article IV, Section 4 of Local 14's bylaws, executive board meetings should be held at least once every two months. OLMS found that Local 14 failed to hold two membership meetings and two executive board meetings in 2007. You stated that you were aware of this issue and are working on having regular meetings.

I want to extend my personal appreciation to UNITE HERE Local 14 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: Mr. Robert Donchez, President