

U.S. Department of Labor

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Office of Labor-Management Standards
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June 4, 2008

Mr. Charles Goodge, Financial Secretary-Treasurer
Bakery, Tobacco & Grain AFL-CIO
Local 6
5416 Rising Sun Avenue
Philadelphia, PA 10120

LM File Number 018-158

Case Number: [REDACTED]

Dear Mr. Goodge:

This office has recently completed an audit of Bakery, Tobacco & Grain Local 6 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 June 4, 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 6's 2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 6 did not retain adequate documentation for credit card expenses incurred by officers and employees. There were numerous incidents in which the local did not maintain individual receipts for credit card expenditures for lodging, airfare and fuel expenses. Examples include credit card charges for lodging by Barry Fields on February 16, 2006 in the amount \$721.05 at Wyndham Hotel Miami, FL while attending the Labor-Management Conference and lodging expenses on November 12, 2006 in the amount \$183.06 at Country Inn and Suites Olean, NY during contract negotiations. Each charge lacks supporting receipts, bills or invoices. The labor organization must retain monthly credit card billing statements and original receipts, bills and invoices.

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. Meal Expenses

Meal expenses were often charged by officers and employees to the union's credit card. Local 6 did not maintain itemized receipts for all meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Local 6 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. 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. Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2. Local 6 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

4. Information not Recorded in Meeting Minutes

Article II, Section 3.B. of the local's constitution and by-laws authorize the executive board to transact all business on behalf of the union. Executive Board Meeting Minutes lack specificity and disbursement authorizations. Minutes of meetings rarely contain specific amounts for disbursements and the authorization for those disbursements. Minutes of all executive board meetings must report any disbursement authorizations made at those meetings.

5. Lack of Salary Authorization

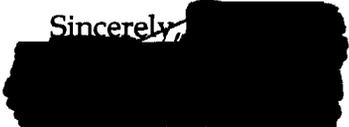
Local 6 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. During the audit, the Executive Board approved salaries for all officers and employees and you provided a copy of the meeting minutes containing those salary authorizations.

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Based on your assurance that Local 6 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Bakery, Tobacco & Grain Local 6 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: President Barry Fields