

U.S. Department of Labor

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May 19, 2008

Mr. Daniel Greteman, Secretary-Treasurer
Congress of Independent Unions
303 Ridge Street
Alton, IL 62002-6492

LM File Number 000-229
Case Number: [REDACTED]

Dear Mr. Greteman:

This office has recently completed an audit of Congress of Independent Unions 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 Richard Davis, and Vice President John Flach on May 7, 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 Congress of Independent Unions' records for fiscal year ending October 31, 2007, revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Congress of Independent Unions did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by you, President Davis, and Vice President Flach totaling at least \$11,100. For example, officers frequently submitted handwritten vouchers requesting reimbursement for expenses. The vouchers did not contain specific information such as names, dates, or purposes for the expenses. Additionally, back-up documentation was not maintained for these expense reimbursement requests.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements including petty cash. 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

Congress of Independent Unions did not require officers and employees to submit itemized receipts for 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.

Congress of Independent Unions' 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, a disbursement to Mike Shannon's for over \$500 did not state the names of people incurring the charges, nor was an itemized receipt maintained for this disbursement. 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. Deposit Slips

Congress of Independent Unions failed to maintain their bank deposit slips. Secretary-Treasurer Greteman confirmed the union creates a deposit slip for all deposits, but stated these are not kept after the deposits have been made. Officers were reminded that the union should maintain all records necessary to verify the accuracy and completeness of the union's LM-2 report. You agreed to maintain deposit slips in the future.

Based on your assurance that Congress of Independent Unions 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 Congress of Independent Unions for fiscal year ending October 31, 2007, was deficient in that:

Disbursements to Officers and Employees

Congress of Independent Unions did not include reimbursements to Office Secretary Carla Craig totaling at least \$1,131 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

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.

I am not requiring that Congress of Independent Unions file an amended LM report for fiscal year ending October 31, 2007 to correct the deficient items, but Congress of Independent Unions has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Signing Blank Checks

During the audit, you advised that Secretary-Treasurer Greteman occasionally signs blank checks. Your union requires that all checks be signed by the president and treasurer. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Congress of Independent Unions review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Congress of Independent Unions 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: Richard Davis, President