



July 16, 2018

Stephen Contini, Financial Secretary
Food and Commercial Workers Local 20-C
[REDACTED]
New Philadelphia, OH 44663

Case Number: 350-6012097 [REDACTED]
LM Number: 001837

Dear Mr. Contini:

This office has recently completed an audit of Food and Commercial Workers Local 20-C 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 April 9, 2018, 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 20-C's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The audit of Local 20-C 2017's records revealed that there was no supporting documentation for expenses, i.e. donation and arbitration expenses paid to the employer.

For example, the union made a donation to Sacred Heart for a member and paid for an arbitrator from FMCS. No receipts were available to support these documents.

As 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. Lost Wages

Local 20-C did not retain adequate documentation for lost wage reimbursement payments to President Jack Meredith totaling at least \$206 and Trustees Kaleb Pratt and Scott Barret totaling \$112 and \$120, respectively for conducting the union's financial audit. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 20-C did not have a voucher for the lost time payment, however, there was a check stub and canceled check that indicated lost time for the payment.

It was revealed that some of the Local 20-C vouchers were not signed by the approving officers or the claimant; vouchers did not indicate the check number for the disbursement; and hours for the treasurer's hourly rate were not recorded. It is recommended that all vouchers be completed accurately prior to issuing payment.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 20-C may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses. The union has agreed to properly report lost wages on Line Item 24(D).

3. Lack of Salary Authorization

Local 20-C did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 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.

There was no documentation on file approving this salary. You must receive approval from the executive board for this salary at the earliest opportunity. This approval must be recorded in the local's minutes. Upon approval please send a copy of the minutes to OLMS no later than September 30, 2018.

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-3) filed by Local 20-C for the fiscal year ended June 30, 2017, was deficient in the following areas:

1. Misclassification of Disbursements

For its fiscal year ending June 30, 2017, it appears that Local 20-C may have miscategorized some of the disbursements on the LM-3 report. For example in Item 58, Other Disbursements, the union recorded payments to Federal Mediation Conciliation Service for an arbitrator; U.S Postal service for post office box; and Ohio AFL-CIO for personnel handbooks. These should have been reported under Item 48, Office & Administrative Expense Item 49, Professional Fees, and, respectively.

2. Investments

Local 20-C has with International Paper Company. However, the union did not report the actual value of the stock on the LM-3 report because they did not know the value but the number of shares. The union will need to report the actual value of the stock on the LM-3 report. You have agreed to obtain the value of the stock and report on future LM-3 reports.

I am not requiring that Local 20-C file an amended LM report for 2017 to correct the deficient items, but Local 20-C has agreed to properly report the deficient items on all future reports it files with OLMS.

Recommendations

Cash Disbursements

Local 20-C paid cash in the amount of \$140 to Chek's Tax Service for preparation of W-2s. We recommend that all disbursements be issued by check with two signatures. 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. OLMS recommends that Local 20-C review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Food and Commercial Workers Local 20-C 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. Jack Meredith, President