

U.S. Department of Labor

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September 30, 2007

Mrs. Cynthia Rongers, President
Independent Employees Union
Local 2184
1201 Hickey Street
Hobart, IN 46342

LM File Number 509-432

Case Number: [REDACTED]

Dear Mrs. Rongers:

This office has recently completed an audit of Independent Employees Union Local 2184 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 and Treasurer Donna Martinez on September 28, 2007, 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 2184's fiscal year ending July 31, 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Local 2184 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$901.00. 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 union business conducted. The OLMS audit found that Local 2184 officers and employees did not identify on lost wage vouchers the union business conducted.

2. Disposition of Property

Local 2184 did not retain a record of which members received a \$15.00 Town and Country Food Market gift card from the local during the holiday season. In addition, Local 2184 did not retain a copy of the Town and Country receipt when they purchased \$810.00 worth of gift cards during the fiscal year under audit. The union must report the value of any union property on hand at the beginning, and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and names of union members that received a free Town and Country Food Market \$15.00 gift card.

3. Receipt Dates Not Recorded

Entries in Local 2184's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. Supporting Documentation

Adequate documentation was not retained for some disbursements that were made via union check. Local 2184 failed to retain adequate documentation for approximately 31 checks that were written from the local's checking account. Of the \$12,125.15 in disbursements that lacked adequate supporting documentation, approximately \$9,031.29 pertained to tax disbursements and \$1,268.75 pertained to professional fees.

Based on your assurance that Local 2184 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 the 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 2184 for fiscal year ending July 31, 2006 was deficient in the following areas:

1. Number of Members

Local 2184 did include the number of members in the labor organization at the end of the reporting period in Item 19 as required by the LM-3 instructions.

2. Dues and Fees

Local 2184 did not include the rates of dues and fees in Item 23 as required by the LM-3 instructions.

3. Cash Reconciliation

It appears that the cash figures reported in item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. In addition, it appears that the total receipts figure reported in Item 44 does not include \$12,321.10 in undeposited dues check-off checks that appear to have been received by Local 2184 prior to the end of the fiscal year under audit. Further, it appears that the total disbursements figure in Item 55 includes \$16,385.00 from check no. even though a successful stop payment order was made on this check.

4. Failure to File Bylaws

The audit disclosed a violation of the LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution and bylaws. Local 2184 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year. Local 2184 has now filed a copy of its constitution and bylaws; therefore, OLMS will take no further enforcement action at this time regarding the above violation.

Local 2184 must file an amended Form LM-3 for fiscal year ending July 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended LM-3 report should be submitted to this office at the above address as soon as possible, but not later than October 19, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violation:

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total

funds those individuals or their predecessors handled during the preceding fiscal year.

Local 2184's officers and employees are not currently bonded, but they must be bonded for at least \$18,414.62. Local 2184 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 26, 2007.

Other Issues

1. Expense Policy

As discussed during the exit interview with you and Donna Martinez, the audit revealed that Local 2184 does not have a clear policy regarding "President's Day" pay. OLMS recommends that your union adopts a written guideline concerning how many hours of pay a union president earns in addition to his or her officer salary and lost time reimbursements. The written guideline should also specify how the "President's Day" pay rate is determined.

I want to extend my personal appreciation to Independent Employees Union Local 2184 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: Donna Martinez, Treasurer

Jason Woolwine, Accountant