

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
36 East Seventh Street
Room 2550
Cincinnati, OH 45202
(513) 684-6840 Fax:(513) 684-6845



August 10, 2007

Mr. John Bays, Financial Secretary
United Food & Commercial Workers Local 561C
5537 Lake Michigan Drive
Fairfield, OH 45014

LM File Number: 017-088

Case Number: [REDACTED]

Dear Mr. Bays:

This office has recently completed an audit of United Food & Commercial Workers Local 561C 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 Investigator [REDACTED] discussed during the exit interview with President Jeff Nagel and you on June 29, 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 561C's 2006 records revealed the following recordkeeping violations:

1. Voided Checks not Retained

Local 561C did not retain voided checks during 2006. Check stubs numbered [REDACTED] were marked "VOID" in the union's records, but the voided checks themselves could not be located. It is recommended that the union retain all void and cancelled checks with the union's records as a financial safeguard.

2. Lack of Salary Authorization

Local 561C did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were 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.

Investigator Sims asked you to reauthorize officer salaries during your next regular membership meeting and to forward a copy of the meeting minutes to our office. Assuming we receive a copy of the meeting minutes reauthorizing officer salaries and based on your assurance that Local 561C 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-3 filed by Local 561C for fiscal year ending December 31, 2006, was deficient in that:

1. Cash Reconciliation

It appears that the total disbursements figure reported in Item 55 is not the total disbursements figure according to the union's books and internal audit reports. Union records indicate \$95,189 in total disbursements during 2006 while the figure reported in Item 55 is \$92,684. This error causes the cash reconciliation (Item 25A + Item 44 - Item 55 = Item 25B) to be off by \$2,504. Also, it appears

that payroll tax withholdings, employer taxes, and their subsequent remittance are not being reported properly on the report. Local 561C has now filed an amended Form LM-3 for fiscal year ending December 31, 2006 to correct the deficient items listed above.

2. Failure to File Bylaws

The audit disclosed a violation of 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 or bylaws. Local 561C amended its bylaws in 2001, but did not file a copy with its LM report for that year. Local 561C has now filed a copy of its bylaws.

I want to extend my personal appreciation to United Food & Commercial Workers Local 561C for the cooperation and courtesy extended to Investigator [REDACTED] 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,

Lesta A. Chandler
District Director

cc: Mr. Jeff Nagel, President