

U.S. Department of Labor

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January 10, 2008

Mr. Robert McFarland, Chairman
Association of Civilian Technicians
State Council
ACT Building 3.5 Fort Indiantown Gap
Annville PA, 17038

Re: Case Number: [REDACTED]
LM File Number: 503-571

Dear Mr. McFarland:

This office has recently completed an audit of PA State Council, Association of Civilian Technicians 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 January 9, 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 Violation

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 general rule, labor organizations must maintain all records used or received in the course of the 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

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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 PA State Council's 2006 records revealed the following recordkeeping violation:

Failure to Record Receipts/Disbursements:

The PA State Council did not maintain any receipts journal or disbursement journal. Section 206 requires 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. Labor organizations must maintain all records used or received in the course of union business.

During the closing interview I provided you examples on how to maintain sufficient back up documentation. Based on your assurance that PA State Council will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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 LM-3 filed by PA State Council for fiscal year ending December 31, 2006, was deficient in the following areas:

Disbursement to Officers

The PA State Council did not include some reimbursements to officers totaling at least \$1350.01 in the amounts reported Item 24(All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

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The union must report most direct disbursements to Local 1928 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash,

property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, Indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for and officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

PA State Council must file and amended Form LM-3 for fiscal year ending December 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 Form LM-3 should be submitted to this office at the above address as soon as possible, but later than January 18, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to PA State Council, Association of Civilian Technicians 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: Vice Chairman Garth Ferguson