

U.S. Department of Labor

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January 7, 2008

Mr. David Bickford, Secretary-Treasurer
Professional Fire Fighters of Maine
162 Plymouth Road
Etna, ME 04434-3134

LM File Number: 543-195
Case Number: ██████████

Dear Mr. Bickford:

This office has recently completed an audit of Professional Fire Fighters of Maine (PFFM) under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you and President Gerry Gay on December 19, 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.

The audit disclosed recordkeeping violations, reporting violations, other violations and other issues.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 PFFM's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

PFFM did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$9,177.40. For example, PFFM did not retain adequate documentation for \$7,149.60 in credit card purchases including plane tickets, hotel reservations, meals and other expenses. PFFM also did not retain adequate documentation for \$429.00 in post office expenses, \$75 in conference fees, and \$1,523.80 in other disbursements from the audit period.

As previously 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. Meal Expenses

PFFM did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$3,404.60. 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.

PFFM's records of meal expenses did not include any written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. 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. Failure to Record Receipts and Disbursements

PFFM did not record in its receipts records or disbursement records funds from non-sufficient checks received. These checks were attempted to be deposited and after failing to clear, caused PFFM to receive additional bank fees which were later reimbursed. The total of the non-sufficient checks received and bank fees totaled \$230.00 in both receipts and disbursements. Union receipts records and disbursement records must include an adequate identification of all money the union receives and disburses. The records should show the date and amount received or disbursed, and the source of the money.

Based on your assurance that PFFM will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by PFFM for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

PFFM did not include some reimbursements to officers totaling at least \$21,410.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers) and at least \$9,190.00 in salary payments to union employees in Item 46. It appears the union erroneously reported these payments in Item 48, Office and Administrative Expenses.

The union must report most direct disbursements to PFFM 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 an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Failure to Report Disbursements and Receipts

PFFM did not report \$230.00 in receipts and disbursements received due to bank fees charged and returned to PFFM by their bank for the fiscal year ending December 31, 2006. All receipts and disbursements must be reported for the fiscal year.

3. Purchase of Fixed Asset

PFFM did not correctly report a purchase of a fixed asset totaling \$2,140.00. It appears the union erroneously reported these payments in Item 48, Office and Administrative Expenses. All fixed assets purchased for PFFM must be reported in Item 52, Purchase of Investments and Fixed Assets.

I am not requiring that PFFM file an amended LM report for 2006 to correct the deficient items, but PFFM has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with

Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of PFFM are currently bonded for \$5,000; however, they must be bonded for at least \$25,852.

PFFM 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 January 31, 2008.

Other Issues

1. Use of Signature Stamp

During the audit, Secretary-Treasurer David Bickford advised that it is PFFM's practice for him to sign all union checks and to stamp the signature of President Gerry Gay on union checks. Secretary-Treasurer Bickford indicated that no one but himself reviews most of the checks before they are issued. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that PFFM review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Professional Fire Fighters of Maine 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,

Mark Letizi
District Director

cc: Mr. Gerry Gay, President