

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 14, 2009

Ms. Marsha Levy, Local Lodge President
NFFE, District 1, IAMAW, AFL-CIO
Local Lodge 1164
300 Metro Center Blvd
Warwick, RI 02886

LM File Number 502-662
Case Number: [REDACTED]

Dear Ms. Levy:

This office has recently completed an audit of NFFE Local Lodge 1164 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 Local Lodge 1164 Treasurer Kathleen Schweitzer, IAMAW Auditor Michael Gonzales, and you on August 13, 2009, 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 CAP disclosed recordkeeping violations, reporting 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 Local Lodge 1164's 2008 records revealed the following recordkeeping violations:

Information not Recorded in Meeting Minutes

Article VI, Section 2 of the NFFE Local Lodge 1164 bylaws requires that the local finance committee "prepare and present a budget at a regular meeting in December, or January, and to advise the membership regarding the financial condition and transactions of the lodge." However, Local Lodge 1164 did not maintain any membership or executive board meeting minutes for the fiscal year ending June 30, 2008. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local Lodge 1164 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 Local Lodge 1164 for fiscal year ending June 30, 2008, was deficient in that:

Disbursements to Officers

Local Lodge 1164 did not include any salary or reimbursement payments to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported the \$105 in reimbursement payments to officers in Item 48 (Office and Administrative Expense).

Local Lodge 1164 also did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). According to Article II, Section 2 of Local Lodge 1164's bylaws, the local's officers include: President, Vice President, Recording Secretary, Secretary-Treasurer, Conductor/Sentinel, and three Board of Trustees members. Local Lodge 1164 did not include the three Board of Trustees members in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local Lodge 1164 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).

Local Lodge 1164 must file an amended Form LM-3 for fiscal year ending June 30, 2008, 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 not later than September 1, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Counter-Signing All Checks

According to Article V, Section 1 of Local Lodge 1164's bylaws, the local's president and secretary-treasurer are required to counter-sign all checks. Currently, Local Lodge 1164 is not requiring all checks be counter-signed. The signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a document. OLMS recommends that Local Lodge 1164 review these procedures to improve internal control of union funds.

2. Failure to Conduct Audit

According to Article VI, Section 1 of Local Lodge 1164's bylaws, "an auditing committee of three shall be nominated and elected by the Local Lodge. The committee shall function as set forth in the IAM Constitution. This Lodge shall audit the books semi-annually." Currently, Local Lodge 1164 is not having its books audited. OLMS recommends Local Lodge 1164 remain in compliance with Article VI, Section 1 of the Local Lodge 1164's bylaws.

I want to extend my personal appreciation to NFFE Local Lodge 1164 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: Kathleen Schweitzer, Local Lodge Treasurer
Michael Gonzales, IMAW Auditor