

U.S. Department of Labor

Office of Labor-Management Standards
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August 31, 2009

Mr. Erwin Gundrum, Secretary/Treasurer
Office & Professional Employees AFL-CIO Local 1313
6738 Hurd Ave.
Cincinnati, OH 45227

LM File Number: 055-502
Case Number: [REDACTED]

Dear Mr. Gundrum:

This office has recently completed an audit of OPEIU Local 1313 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 President Chuck Wright on August 28, 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.

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 1313's 2009 records revealed the following recordkeeping violation:

1. Missing Account Statement

Local 1313 failed to maintain its savings account statement for its account held at [REDACTED] for the month of May 2008. As noted above, labor organizations are required to maintain all bank account records.

Based on your assurance that Local 1313 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 LM-3 filed by Local 1313 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. 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.

2. Statement B: Inflated Receipts Figure in Item 44 (Total Receipts) and Inflated Disbursements Figure in Item 55 (Total Disbursements)

The local overstated union receipts by \$14,149.77 in Item 44 (Total Receipts) by including in that figure transfers from its savings account into the checking account. The local overstated union disbursements by \$11,415.00 by including checks written from its checking account and made payable to its savings account.

The purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. Transfers between separate bank accounts or between special funds, such as vacation or strike funds, do not represent the flow of cash in and out of your organization. Therefore, these transfers should not be reported as receipts and disbursements of your organization. For example, do not report a transfer of cash from your organization's savings account to its checking account. Likewise, the use of funds reported in Item 25 (Cash) to purchase a certificate of deposit, for example, would not be reported in Statement B.

3. Liability Insurance Payments

Local 1313 collected money from members to pay for personal liability insurance and wrote two checks, totaling \$11,914.70, to a vendor for that purpose. The amount collected from the members should have been reported in Item 43 (Other Receipts). The amount disbursed for liability insurance should have been reported in Item 54 (Other Disbursements).

4. Handwritten Changes to the Form LM-3

Local 1313 made handwritten changes to the categories on the 2008 Form LM-3. In the future, no handwritten changes should be made to the items on the LM report. If you are not sure how to categorize receipts and disbursements, please contact me and I will assist you in making the correct determinations.

Local 1313 must file an amended Form LM-3 for fiscal year ending December 31, 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 8, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violation

The audit disclosed a violation of LMRDA Section 201(b):

1. Local 1313's Labor Organization Annual Report Form LM-3 for the period ending December 31, 2008 was due April 1, 2009 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on May 11, 2009. Local 1313 was also delinquent in filing its Form LM-3 for 2007.

You have promised to file future reports with the Department of Labor by the due date.

I want to extend my personal appreciation to OPEIU Local 1313 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