

U.S. Department of Labor

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December 8, 2009

Mr. David Cook, Secretary-Treasurer
United Food and Commercial Workers
Local 655
300 Weidman Road
Ballwin, MO 63011

LM File Number **015-641**

Case Number: [REDACTED]

Dear Mr. Cook:

This office has recently completed an audit of UFCW Local 655 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 Executive Secretary Lynne Schreiber on June 3, 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 655's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 655 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by several officers of the local. For example, the local did not have an invoice for a credit card purchase from Hotels.com for \$4,236.18 and a purchase at Opus Hotel totaling \$1,925.83.

As previously noted, 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

Local 655 did not have itemized receipts for all meal expenses totaling at least \$100. 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.

3. Lack of Salary Authorization

Local 655 did not maintain records to verify that the salaries reported in Schedule 12 (Disbursements to Employees) of the LM-2 were the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary for officers and employees authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 655 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-2 filed by Local 655 for fiscal year ending December 31, 2008 was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 655 did not include some credit card charges made by officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

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 655 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 655 has now filed a copy of its 2005 constitution and bylaws.

I am not requiring that Local 655 file an amended LM report for 2008 to correct the deficient items, but Local 655 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you and Executive Secretary Lynn Schreiber, the audit revealed that Local 655 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Checks with Pre-Printed Signatures

During the audit, you advised that it is Local 655's practice to use checks with pre-printed signatures. You indicated that no one but you and Executive Secretary Lynne Schreiber reviews 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 checks with pre-printed signatures does not attest to the authenticity of the completed check and negates the purpose of the two-signature requirement. OLMS recommends that Local 655 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UFCW Local 655 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: James Dougherty, President