

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Denver District Office
1999 Broadway Suite 2435
Denver, CO 80202-5712
(720) 264-3232 Fax:(720) 264-3230



August 31, 2009

Mr. Michael A. Fushimi, Vice President/Financial Secretary
BCTGM Local 26
2201 West 52nd Avenue
Denver, CO 80221-1404

LM File Number: 071-141
Case Number: [REDACTED]

Dear Mr. Fushimi:

This office has recently completed an audit of BCTGM Local 26 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 Office Manager Mary Gossett on August 27, 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 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 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 26's 2008 records revealed the following recordkeeping violation:

Credit Card Expenses

Local 26 did not retain adequate documentation for credit card expenses incurred by union officers or employees totaling at least \$600. For example, some officers and employees did not retain original receipts for purchases made with the union credit card.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and secretary-treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

As agreed, provided that Local 26 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

Other Issues

Failure to File Bylaws

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 26 amended its constitution and bylaws in 2006, but a copy of the constitution and bylaws was not filed with Local 26's LM-2 report for that year.

A copy of Local 26's constitution and bylaws has now been filed.

Signing Blank Checks

During the audit, you advised that you and Mary Snyder sign blank checks in advance. Your union's bylaws require that all checks be signed by the president and financial secretary. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the

authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 26 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to BCTGM Local 26 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: Ms. Mary Snyder, President