

**U.S. Department of Labor**

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September 25, 2009

Ms. Kelly Burns  
OPEIU Local 251  
PO Box 5144  
Albuquerque, NM 87185-5144

LM File Number: 034-413  
Case Number: [REDACTED]

Dear Ms. Burns:

This office has recently completed an audit of OPEIU Local 251 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 on September 18, 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 251 records revealed the following recordkeeping violation:

1. Failure to Maintain Records

Local 251 did not retain copies of credit card statements for October and November 2008. Copies of 26 cancelled checks and 4 deposit items were missing from the April bank statement for the general account.

2. Meal Expenses

Local 251 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the meal receipts attached to the credit card statements for January through July and October 2008 did not contain notations of the purpose of the meals, union business conducted and the names 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.

As previously noted above, labor organizations must maintain all union records used or received in the course of union business. 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.

Based on your assurance that Local 251 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 violations 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-3 filed by Branch 229 for fiscal year ending December 31, 2008, was deficient in the following areas:

## 1. Disposition of Property

Item 13 on LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away a computer monitor of undetermined value during the year. The union must identify the type and value of any property given away in the additional information section of the LM report along with the identity of the recipient of such property.

## 2. Disbursements to Officers

Local 251 did not include some reimbursements to officers totaling at least \$1,778 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expense.

The union must report most direct disbursements to Local 251 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).

During the audit Local 251 provided an amended LM-3 report that presented the above items correctly.

### Other Violations

The CAP disclosed the following other violation:

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that

union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 251's officers and employees were bonded for \$30,000, but they must be bonded for at least \$35,000. Local 251 obtained adequate bonding coverage for its officers and employees during the audit.

I want to extend my personal appreciation to OPEIU Local 251 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,



Supervisory Investigator

Cc: Secretary/Treasurer Renee Urquidez  
Trustee Carol Gary