



February 29, 2012

Ms. Julia Owens, President
United Food and Commercial Workers Union (UFCWU)
Local 1020

Case Number: [REDACTED]
LM Number: 528401

Dear Ms. Owens:

This office has recently completed an audit of UFCWU Local 1020 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 January 17, 2012, 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 1020's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1020 did not retain adequate documentation for reimbursed expenses incurred by union officers. For example, the voucher dated September 25, 2009 for the training trip to Florida did not include a receipt for the hotel charge of \$178.80.

As noted above, 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. Failure to Maintain Records

Local 1020 did not maintain an accurate record of receipts and disbursements in union records. Specifically, the check register contained large periods of time where the union's receipts and disbursements were not recorded. Union records must include an adequate identification of all money the union receives and disburses.

3. Lack of Inventory List

Local 1020 does not maintain a list of the union's property. During the audit, you explained that most of the furniture owned by the union is used in your home for union business. All property of the union should be included on an inventory list that is maintained in the permanent records of Local 1020.

4. Voided Checks

Local 1020 does not maintain voided checks in its permanent records. Voided checks are important financial records that should be maintained with the permanent records of the union for at least five years.

Based on your assurance that Local 1020 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Signing Blank Checks

During the audit, you advised that you occasionally sign blank checks. Your union requires that all checks be signed by the president and treasurer. 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose

of the two signature requirement. OLMS recommends that Local 1020 review these procedures to improve internal control of union funds.

2. Separation of Duties

During the exit interview, you mentioned that [REDACTED] is no longer serving as financial secretary of Local 1020, and that you have assumed her duties in addition to your duties as president. It is important to maintain a separation of duties among union officers, and the position of financial secretary should be filled by another union member as soon as possible.

3. By-laws

During the audit, it was revealed that OLMS does not have by-laws on file for Local 1020. You agreed to send OLMS a copy of your most recent by-laws as soon as possible.

I want to extend my personal appreciation to UFCWU Local 1020 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,

[REDACTED]

Investigator

cc: Mr. Greg Villanova, ICWUC Secretary Treasurer