



January 6, 2014

Mr. Allan Leatherbarrow, President
Graphic Communications, IBT Local 261M
46 Salem Street
Buffalo, NY 14220-1729

Case Number: 110-1209293()
LM Number: 040369

Dear Mr. Leatherbarrow:

This office has recently completed an audit of Graphic Communications, IBT Local 261M 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 Treasurer Robert Zielinski and you on December 12, 2013, 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 261's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 261 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$345. For example, no receipt was maintained for a credit card charge to Office Max for \$75.88.

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. Lost Wages

Local 261 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on numerous occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that for some lost wages paid, Local 261 did not retain a record which documented the specific union business conducted.

During the exit interview, I explained the type of information and documentation that the local must maintain for lost wages and other officer expenses. In addition, *OLMS Compliance Tip: Union Lost Time Payments* is enclosed for your reference.

3. Receipt Dates not Recorded

Entries in Local 261's cash receipts journal reflect the date of the check issued to the union, not that date the money was received by the union or subsequently deposited. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 261 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-3) filed by Local 261 for the fiscal year ended February 28, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 261 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. In addition, Local 261 did not include some payments and reimbursements to officers totaling at least \$7,042 in the amounts reported in Item 24. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 261 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).

2. Total Receipts and Disbursements

It appears that the union did not report the total receipts and total disbursements in Item 44 (Total Receipts) and Item 55 (Total Disbursements) according to Local 261's books, therefore affecting the union's ending balance in Item 25 (Cash) 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. Failing to report the total receipts received or the total disbursements as represented in the union's records will result in incorrect cash figures.

I am not requiring that Local 261 file an amended LM report for 2013 to correct the deficient items, but Local 261 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. Allan Leatherbarrow

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Page 4 of 4

I want to extend my personal appreciation to GCIU Local 261 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

Enclosures

cc: Mr. Robert Zielinski, Treasurer
Mr. Harold Rehm, Accountant