



December 11, 2014

Mr. William Andre, Financial Secretary
Bakery & Tobacco Workers, Local 116
66 Genesee Street
Auburn, NY 13201

Case Number: 110-6002864
LM Number: 024-152

Dear Mr. Andre:

This office has recently completed an audit of Bakery & Tobacco Workers Local 116 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 President Randy Cook and you on December 5, 2014, 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 116's 2013 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 116 did not retain itemized receipts for meal expenses on a few occasions. 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.

Local 116 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 union did not record the names of persons present or the purpose of the meal for a purchase using the union's debit card at the Gateway Diner for \$129.01. 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.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$939 during 2013. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Local 116 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on the majority of occasions in which lost wage reimbursements were paid. 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 Local 116 completed a "Lost Time Voucher" or an "Expense Reimbursement Voucher" for individuals who lost wages, however many times the union did not include the date of the loss, the number of hours lost, the applicable rate of pay and the associated gross and nets amounts for reimbursement. Further, the union did not identify on the majority of the lost wage vouchers, the union business conducted.

During the exit interview, I explained the required information and included with this letter is a compliance tip sheet, *Union Lost Time Payments*, which contains a sample of an expense voucher Local 116 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 116 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 116 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 116 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 116 did not include some reimbursements to officers totaling at least \$1,029 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 Expenses) or elsewhere on the form.

In addition, the union failed to properly report allowances paid to officers in Column E of Item 24. The instructions state that gross salary, including lost wages, before tax withholdings and other deductions, should be reported in Column D. In Column E of Item 24, the total of all other direct and indirect disbursements to officers other than salary, including allowances and other disbursements necessary for conducting union business. Furthermore, on Line 10 of Item 24, the union should report the total amount of withheld taxes, payroll deductions, and other deductions.

The union must report most direct disbursements to Local 116 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.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 116's books 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. Further, the union's reported cash does not reconcile. The cash at the start of the reporting period (Item 25A) plus the Total Receipts (Item 44)

minus the Total Disbursements (Item 55) should equal the cash at the end of the reporting period (Item 25B).

3. Benefit Payments

The union improperly reported the amount paid in benefits in Item 50 (Benefits). Local 116 reported \$9,014 in benefit premiums paid out during the period; however the OLMS audit found that there was at least \$14,000 in health and pension benefit premiums disbursed during the year.

4. Dividends

The union did not properly report dividends and fees associated with the union's investment account on the form. The OLMS audit found that the union received at least \$1,174 in Interest and Dividends during the period which should be reported in Item 41 on Statement B (Receipts and Disbursements).

I am not requiring that Local 116 file an amended LM report for 2013 to correct the deficient items, but Local 116 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Bakery & Tobacco Workers, Local 116 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]

Supervisory Investigator

Enclosures

cc: Mr. Randy Cook, President
[REDACTED], Accountant