



May 28, 2014

Mr. Roger Kail, President
United Food and Commercial Workers Local 1149
P.O. Box 51
Marshalltown, IA 50158

Case Number: 510-6000768
LM Number: 062689

Dear Mr. Kail:

This office has recently completed an audit of United Food and Commercial Worker Local 1149 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, Treasurer Jody A. Wells, Office Secretary and Bookkeeper Carol Kail, and Accountant Dennis Jenkins on May 8, 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 1149's 2013 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 1149 did not maintain records to verify that the salaries reported in Schedule 11 and Schedule 12 (All Officer and Disbursements to Officers and Employees) of the LM-2 were

the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

OLMS does not recommend one best salary and/or paid leave policy. However, we do recommend a written policy approved by the governing body to ensure compliance with the LMRDA and to safeguard union assets. This authorization must be documented in at least one union record. A policy is a “living document” that should be periodically reviewed and updated as needed

Please have the salary of the officers and employees authorized and provide our office with the record showing salary authorization. The record may be in the meeting minutes or a written policy approved by the membership.

2. Specific Information Not Recorded in Meeting Minutes

The executive board meeting minutes show references and approval for construction work performed on the union hall. During the audit period, the local expended \$223,823.94 to CPMI Construction Company for building construction work. However, the minutes of the meeting do not contain any specific reference to the amount of money authorized for the union to spend on the building construction.

The March 13, 2013 executive board meeting minutes show authorization to send the president to the international convention with others “going as guests to save the local money.” Union records show the office Secretary/Bookkeeper Carol Kail and Treasurer Judy Wells both attended the convention and were paid per diem by the local for their attendance. The meeting minutes do not make clear whether the local approved to pay per diem for “guests” who attended the convention.

The December 5, 2012 meeting minutes show the local “discussed giving away visa cards for Christmas to members.” The meeting minutes do not show an approval for a specific number or amount of cards. The meeting minutes do not specify a total amount approved to purchase gift cards. The local purchased 40, \$100 gift cards and passed the cards out at the holiday party.

Minutes of membership or executive board meetings should specifically report any disbursement authorizations made at those meetings, including the amounts approved.

Based on your assurance that Local 1149 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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-2) filed by Local 1149 for fiscal year ending December 31, 2013, was deficient in the following ways:

1. The local reported a bond of \$130,000 in Item 14 of the Form LM-2 when the local actually had a bond of \$120,000.
2. In Schedule 11, All Officers and Disbursements to Officers , the local reported \$1,678 of per diem paid to the president and \$1,635 of per diem paid to the treasurer in Column (E) Allowances Disbursed. According to the Form LM-2 Instructions, the local should enter the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis in Column (E), but it should not include per diem paid for meals which must be reported in Column (F) Disbursements for Official Business.

I am not requiring that Local 1149 file an amended LM report for 2013 to correct the deficient items, but Local 1149 agreed to properly report the deficient item on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

1. 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 1149's officers and employees are currently bonded for \$120,000, but they must be bonded for at least \$126,885. Local 1149 indicated they have requested the correct bond amount through the international union and the bond should be available any time. Please provide proof of bonding coverage to this office as soon as it is obtained.

I want to extend my personal appreciation to UFCW Local 1149 for the cooperation and courtesy extended during this compliance audit. I 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