

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Washington, D.C. 20210



MAR | 5 2005

Jeffrey Fiedler, President
Food and Allied Service Trades Department, AFL-CIO
1925 K Street, NW, Suite 400
Washington, DC 20006

Dear Mr. Fiedler:

The Office of Labor-Management Standards (OLMS) within the Department of Labor has recently completed a compliance audit at your headquarters under the International Compliance Audit Program (I-CAP). The purpose of this audit was to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA) by the Food and Allied Service Trades Department (FAST). This letter outlines several issues and problem areas as discussed during the exit interview on March 15, 2005 with Mr. Bruskin and you, but does not purport to be an exhaustive list of all possible problem areas since the compliance audit was limited in scope.

Reporting Deficiencies - LMRDA Section 201

Our audit revealed there were deficiencies with the Form LM-2 filed with OLMS for the fiscal year ended September 30, 2003. OLMS did not have FAST's most recent amendments to their constitution. We obtained the amendments and informed FAST in the future to timely submit constitutional amendments to OLMS.

On Schedule 2 of the Form LM-2, Line 2 should reflect the lower of cost or market value for Marketable Securities. The cost of the securities was lower than the market value. FAST incorrectly listed the market value on Line 2.

FAST listed Inventory on Line 1 and Prepaid Expenses on Line 2 of Schedule 3. The two assets did not include an adequate description to sufficiently identify the type of inventory and prepaid expenses. On Schedule 4, Line 1, of the Form LM-2 there was also an inadequate description of the type of security deposit listed.

Schedule 4, Line 2, of the Form LM-2 included one entry for Accrued Salaries and Vacation Pay. FAST informed the I-CAP team the liability was only for Vacation Pay and incorrectly included Accrued Salaries.

Hotel and Travel disbursements on Line 4 of Schedule 13 were combined as one expense. These expenses were direct reimbursements to vendors on behalf of officer and employee travel for FAST business. The Hotel and Travel disbursements should be reflected on separate line items in Schedule 13.

On Line 5 of Schedule 13, there were Meals listed for officer and employee travel. The disbursements for meals are required to be entered by officer on Schedule 9 and by employee on Schedule 10.

Schedule 13 also included separate line items for disbursements that were described as Subscriptions and Software, Computer Subscriptions, Office Expense and Supplies, and Miscellaneous Expense. The category of Office Expense is vague and the category of Miscellaneous Expense is not sufficiently descriptive. All descriptions must be sufficient to identify the purpose of the disbursement.

As referenced in earlier schedules of the Form LM-2, each category of disbursements is required to be identified separately from other disbursements. For example, the disbursement line for Office Expense and Supplies should be identified on separate lines in Schedule 13 if there is more than one category of disbursement included on this line item.

In Schedule 14 and 15 of the Form LM-2 there were receipts and disbursements associated with the purchase and sale of Labor CD's. The receipts for supplies purchased for resale should be reflected in Item 45 and the disbursements should be reflected in Item 65 on the Form LM-2. FAST correctly identified the remaining Inventory at the end of reporting period as an Other Asset on Schedule 3.

FAST has agreed to file an amended Form LM-2 report by May 2nd, 2005. The amendment will correct the deficiencies listed in Schedule 2, Schedule 4, Schedule 9, Schedule 10, and Schedule 13. All other deficiencies will be corrected in future filings submitted to OLMS.

Inadequate Recordkeeping – LMRDA Section 206

LMRDA Section 206 requires that all records necessary to verify, explain, or clarify the annual financial report must be retained and shall include, but not be limited to, vouchers, worksheets, receipts, and applicable resolutions. All records identified above must be maintained by FAST for a period of at least five years following the date the financial report is filed. The I-CAP Team identified instances when FAST did not always maintain itemized receipts for the required five years. FAST officials were informed at the exit interview that back-up documentation, such as itemized receipts for restaurant charges, meals, airfares, etc., must be maintained and retained for all disbursements regardless of amount.

Inadequate Bonding-LMRDA Section 502

FAST has an outside accountant who is responsible for their daily financial operations yet was not listed on their fidelity bond. The I-CAP team advised FAST to obtain a fidelity bond that is in compliance with the requirements of the LMRDA. FAST has agreed to include the accountant on their fidelity bond.

Internal Controls

The President and one accountant are responsible for the finances of FAST. The President and Secretary-Treasurer travel frequently for business and the accountant has the ability to write checks and use signature stamps in lieu of original signatures. The accountant has authority to deposit and expend funds from FAST's bank account.

The I-CAP team recommends FAST segregate the financial responsibilities to ensure funds are properly safeguarded. This would entail a separation of duties between staff that receive funds and those who expend funds in addition to having two original officer signatures on each check.

The I-CAP team also recommends a FAST official directly receive the bank statement each month. After review, the bank statement can then be provided to the accountant for reconciliation. These recommendations provide processes to better safeguard funds.

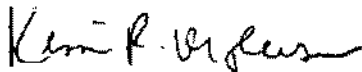
The FAST general ledger received by the I-CAP team did not reconcile with the information provided on the Form LM-2. FAST informed the I-CAP team the general ledger did not include adjusting entries. The adjusting entries were made by FAST and a revised general ledger was provided to the I-CAP team.

FAST was advised in the future to maintain records which provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the Form LM-2 report.

As discussed in the exit interview, FAST will submit a response to the above closing letter along with the requested amended report. The response letter will identify the corrective actions to be implemented by FAST based on the results of the compliance audit.

I will contact you as necessary to follow-up on corrective actions that have been taken and the amended report filed. I want to express my appreciation for the cooperation and courtesy extended by you and your entire staff during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call me.

Sincerely,



Kim R. Marzewski, Chief
Division of International Union Audits