

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 19, 2005

D. Troy Pruitt, President
Food & Commercial Workers, AFL-CIO
Local Union 536
2200 E. War Memorial Drive
Peoria, Illinois 61614-8098

RE:

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Dear Mr. Pruitt:

This office has recently completed an audit of United Food and Commercial Workers AFL-CIO, Local 536 under the Compliance Audit Program (CAP). The audit was conducted to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 ((LMRDA)).

As we discussed during the exit interview on May 27, 2005, the following problem areas were disclosed during the CAP. The matters listed below are not an exhaustive list of possible areas since the audit conducted was limited in scope. The CAP disclosed the following record keeping and reporting violations of Title II of the LMRDA, specifically section 201(b) and section 206.

Record Keeping Violations

Title II, section 206, requires that unions maintain adequate records for at least five years. The records must support and document any expenditure of union funds. The supporting documentation should be in the form of original third party vendor receipts, invoices, and bills of sale. In addition, meeting minutes should clearly show the authorization process were union bylaws require them. Credit card statements and bank statements are insufficient by themselves to document expenditures properly.

The audit disclosed that Local 536 failed to maintain third party vendor receipts that supported credit card purchases on a routine basis. In a number of instances, the Local's records were missing receipts for meals and gasoline purchased with the union's credit card. The audit revealed that although the officers and employees were entitled to purchase these items, the Local failed to maintain supporting documentation for these credit card expenditures.

The audit revealed that the Local was inconsistent in its record keeping practices concerning the purchasing of meals. Some officers and employees recorded the names of additional persons, as well as the date and purpose for which meals were purchased on the back of the receipts. However, other officers and employees within the organization did not follow this practice. Resulting in what appeared to be haphazard record keeping on the part of the Local.

In addition to the previously mentioned record keeping violations, the audit found that during the audit period, the Local did not maintain a mileage log for its vehicles. Officers and employees are provided a car for use in conducting bona-fide union business. During the audit period, the Local failed to differentiate between business and personal use of these vehicles as required under the LMRDA.

Reporting Violations

In addition to the record keeping violations, the audit disclosed several violations of Title II, section 201(b). The LM-2 filed for fiscal year ending (FYE) 12/31/2004 was deficient for the following reasons.

Local 536 failed to report payments to officers in the form of dues reimbursements on Schedule 9 of the LM-2 report. In-fact the Local failed to report these officers on the LM report entirely. All officers of the Local must be listed on either item 24 of the LM-3 report or Schedule 9 of the LM-2. These officers should appear on the LM report regardless of receiving any payment or not.

Local 536 failed to allocate officer and employee expenditures for meals and automobile expenses on either Schedule 9 or 10. Local 536 included meals purchased for officers and employees under meeting expenses on Schedule 15. Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must be reported in column F of Schedule 9 and 10.

A total of \$8,696 in automobile expenses was reported in error on Schedule 15. The audit revealed that for FYE 12/31/2004 credit card purchases, primarily for automobile related expenses such as gasoline, tires and maintenance were reported on Schedule 15. The LM-2 and LM-3 instructions contain special rules for the reporting of automobile expenses. Operating and maintenance cost for each union owned or leased vehicle must be reported in schedules 9 and 10 of the LM-2 or item 24 of the LM-3. These expenditures must be allocated to the officer or employee assigned the vehicle.

Finally, the audit disclosed that Local 536 failed to provide a current version of its bylaws to the Office of Labor-Management Standards (OLMS). This violation was corrected during the organizational interview.

Conclusion

During the exit interview, Local 536 agreed to correct all record keeping and reporting violations. Local 536 currently maintains mileage logs for all union owned vehicles. Local 536 will require third party vendor receipts for all credit card purchases. Officers or employees failing to present third party vendor receipts will reimburse the Local for the undocumented expenses.

The Local will correct and amend its deficient LM-2 report for FYE 12/31/2004. Local 536 will add the other officers omitted from its FYE 12/31/2004 LM-2 report. All expenditures for automobile expenses and personal use will be allocated to the appropriate officer or employee.

I would like to extend my personal appreciation for you and your staff's cooperation and courtesy during this compliance audit. If I can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator
U.S Department of Labor