

U.S. Department of Labor

Office of Labor-Management Standards
Philadelphia District Office
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July 19, 2012

Ms. Annette Nowacki, Treasurer
State, County & Municipal Employees Local 2445
318 Van Gelder Street
Tamaqua, PA 18252

Case Number: [REDACTED]
LM Number: 544053

Dear Ms. Nowacki:

This office has recently completed an audit of State, County & Municipal Employees Local 2445 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 Ruth Giannott and you on July 18, 2012, 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 Violation

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 2445's 2011 records revealed the following recordkeeping violation:

Failure to Maintain Supporting Documentation for Disbursements

Local 2445 did not retain adequate documentation for disbursements totaling at least \$9,760. For example, in December 2011, Local 2445 purchased *Walmart* gift cards totaling \$9,500. Although the local maintained the receipt from *Walmart* for the purchase

of the gift cards, the union failed to maintain documentation for the distribution of the gift cards. During the exit interview, you advised that the local requires members to sign for the receipt of their gift cards, yet this record was not maintained.

As previously noted above, labor organizations must retain original receipts, bills, vouchers, or any other record that supports a legitimate union expense 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.

Based on your assurance that Local 2445 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-4) has not been filed by Local 2445 for fiscal years ending December 31, 2010 and December 31, 2011. In addition, Local 2445 filed delinquent reports for fiscal years 2007, 2008, and 2009.

Form LM-4 must be filed within 90 days after the end of your labor organization's fiscal year (12-month reporting period). As agreed, Local 2445 will file Form LM-4 for fiscal year ending December 31, 2010 and December 31, 2011 with OLMS as soon as possible but not later than July 31, 2012.

I want to extend my personal appreciation to State, County & Municipal Employees Local 2445 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,


Investigator

cc: Ms. Ruth Giannott, President