

U.S. Department of Labor

Employment Standards Administration
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December 10, 2008

Mr. Ethan Lawson, Treasurer
Fire Fighters AFL-CIO, Local 282-F
P.O. Box 203
Keyport, WA 98345

LM File Number: 541-102
Case Number: [REDACTED]

Dear Mr. Lawson:

This office has recently completed an audit of Fire Fighters AFL-CIO, Local 282-F under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on November 7, 2008, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 282's fiscal year 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 282 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and members traveling on the union's behalf. Several receipts for credit card purchases were missing in each month examined. For example, a review of your April 2007 credit card statement found that more than half of your receipts were missing. These missing receipts included a \$122.80 charge at La Loma Restaurant, a \$69.00 purchase at www.firefightersgear.com and a \$35.97 charge to Microsoft.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers 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.

2. Meal Expenses

Numerous instances were found where Local 282 did not require officers and employees to submit itemized receipts for meal expenses. 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 29 C.F.R. Section 458.3.

Local 282 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, while the union maintained the May 15, 2007, receipt for Magnolia Café, it did not indicate who was at the event and for what purpose. 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.

Based on your assurance that Local 282 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Local 282 for fiscal year ending September 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 282 did not include some reimbursements to officers totaling at least \$5,800 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).

The union must report most direct disbursements to Local 282 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 (Office and Administrative Expense).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union'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.

3. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report. The audit disclosed a violation of this requirement. Local 282 amended its constitution and bylaws in 2005, but did not file the required copies with its LM report for that year. Local 282 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 282 file an amended LM report for 2007 to correct the deficient items, but Local 282 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year. Officers and employees of Local 282 are currently bonded for \$12,500; however, as of September 30, 2007, they must be bonded for at least \$14,382.

Since it is now past your fiscal year ending September 30, 2008, Local 282 should obtain adequate bonding coverage for its officers and employees based on funds handled during fiscal year 2008. I will be in contact with you to assist you in calculating the correct amount of bonding that your union will need to obtain.

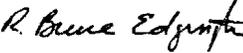
Other Issues

Duplicate Receipts

Members of Local 282 pay retirement, initiation, and first month's dues directly to the union. Mr. Lawson records these payments in the union's receipts journal, but does not issue receipts to dues payers. OLMS recommends that Local 282 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Fire Fighters AFL-CIO, Local 282-F 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,



R. Bruce Edgington
District Director

cc: Mr. Dennis Sheline, President