

**U.S. Department of Labor**

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October 31, 2008

Mr. Anthony King, President  
International Association of Fire Fighters  
Local F151  
P.O. Box 59222  
Washington, D.C. 20012-0222

LM File Number 542-642  
Case Number: [REDACTED]

Dear Mr. King:

This office has recently completed an audit of Fire Fighters Local F151 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 Secretary-Treasurer Henry Morris, Vice President James Huston, and you on July 22, 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 organizations 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 F151's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local F151 did not retain adequate documentation for some reimbursed expenses incurred by union officers. There were no receipts for reimbursements for food the officers purchased on behalf of the local and the records did not always include a written explanation of the business purpose.

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. Failure to Record Receipts

Local F151 did not record in its receipts records three new member initiation fees. These cash payments were deposited into the union's account but the union did not record the source of the funds in its ledger or elsewhere. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Failure to Maintain Records

Local F151 failed to maintain a dues check-off report, check carbons, and a bank statement during the audit period. As previously noted above, labor organizations must maintain original receipts, bills, statements, and other documents related to all union finances. The president or 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.

4. Disposition of Property

Local F151 did not maintain an adequate inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items. This record must also describe the item(s) sold and the name of the purchaser.

5. General Expenses

Local F151 did not retain adequate documentation for some disbursements for the purchase of food for the union and for meals purchased by substitute firefighters. As previously noted above, labor organizations must retain all original receipts, bills, and vouchers for all of its 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.

6. Meeting Minutes

Local F151 failed to record minutes of membership meetings. During the audit, you advised that Local F151 members discuss and approve financial matters during membership meetings. The union must maintain a record, such as meeting minutes, that reports any disbursement authorizations made at those meetings.

Based on your assurance that Local F151 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 law requires unions to file a Labor Organization Annual Report (Form LM-3) within 90 days after the completion of the union's fiscal year. Since the union's fiscal year ended on December 31, 2006, the LM-3 report was due by March 31, 2007. Additionally, Local F151 has not filed the required LM-3 report for the fiscal year ending December 31, 2007. Local F151 must file a Form LM-3 for fiscal years ending December 31, 2006 and December 31, 2007 as soon as possible, but no later than November 14, 2008. I explained to you the filing procedures and availability of the filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed.

### Other Issues

The audit disclosed the following other issues:

1. Authorized Signatories on Local F151 Bank Accounts

The audit revealed that former Local F151 President Steven Garman's name is still listed as a signatory on the union's Pentagon Federal Credit Union bank accounts. As an internal control of union funds, I strongly recommend that Local F151 remove the officer's name from the bank accounts as soon as possible.

2. Check Signature Requirements

In the opening interview, you advised that two officers must sign all checks written by the local. During the audit, it was noted that several checks were not signed by two officers. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. Failing to do so negates this purpose. I strongly

recommend that Local F151 adhere to its policy of requiring two officers' signatures on all checks.

I want to extend my personal appreciation to Fire Fighters Local F151 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: Henry Morris, Secretary-Treasurer