

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Los Angeles District Office
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October 3, 2005

Deborah Lacey-Zuelsdorf, Secretary-Treasurer
Bakery, Confectionery, Tobacco Workers and Grain Millers, Local 315, AFL-CIO
8316 Clairemont Mesa Blvd., #201
San Diego, CA 92111

Re:

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Dear Ms Lacey-Zuelsdorf:

This Office has recently completed an audit of Bakery, Confectionery, Tobacco Workers and Grain Millers (BCTGM) LU 315 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959(LMRDA). As discussed during the exit interview with you on September 30, 2005, 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.

1) Record Keeping Violations

Union officer expenses

Union officers and employees failed to retain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses which were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

Lost wages

Union officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained.

Recommendations to union

I strongly urge Local 315 to adopt clear guidelines regarding what types of expenses personnel may charge with union credit cards and what kinds of out-of-pocket expenses personnel may be reimbursed for. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

2) Other Issues

Failure to file bylaws

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made.

Authorization for union officer salaries

During the audit, I advised you that authorizations of the salary amounts paid to union officers were not clear in the union's bylaws. I suggest that Local 315 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document. When the authorized salaries have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

Maintain a vacation log for all salaried officers

I suggest that Local 315 take steps to record the authorized vacation time entitlement for each salaried officer and the vacation time used by each officer.

Maintain an inventory list of all the union's principal fixed assets

The union must retain records which adequately account for all property that is purchased, sold, and given away.

Use of signature stamps

During the audit, you advised that it is Local 315's practice for you to sign union checks and to stamp the signature of President Curtis Robertson on union checks. You indicated that no one but you reviews the checks before they are issued. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. You may want to revise this aspect of your check disbursement procedures.

3) Additional suggestions

Alternate signatories

I suggest that the union secure alternate officers as signatories with the bank in case primary signatories are unavailable.

Union passwords

I suggest that the union assign a backup officer to have the passwords to the union's computer databases.

I strongly recommend that you make sure that this letter is passed on to yours and Mr. Robertson's successors at whatever time you may leave office.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

FCC

Investigator