

**U.S. Department of Labor**

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March 26, 2009

Mr. Doug Weck, Treasurer  
Fire Fighters AFL-CIO  
Local 1889  
8518 Jefferson Road  
Freeburg, IL 62243

LM File Number 516-958  
Case Number: [REDACTED]

Dear Mr. Weck:

This office has recently completed an audit of Fire Fighters Local 1889 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 you on March 12, 2009, 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 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 1889's 2007 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 1889 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

2. Lack of Adequate Documentation for Disbursements

Local 1889 did not retain adequate documentation for disbursements made from the local's accounts totaling at least \$22,000. For example, no documentation was retained for a payment of \$3,000 to [REDACTED] from the general checking account and a payment of \$3,500 to [REDACTED] for "creative work." Both checks were written on January 16, 2007. Also, no documentation was retained for a purchase made at Best Buy for \$1,057.56. The check was written out of the activity account on November 8, 2007.

As previously noted, 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.

3. Meal Expenses

Local 1889 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,300. 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 LMRDA Section 206.

Local 1889's records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Local 1889 did not retain or explain any meals eaten by the executive board. 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.

4. Disposition of Property

Local 1889 did not maintain an inventory of helmet stickers and calendars 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.

5. Meeting Minutes

Article IV, Section 6 of Local 1889's bylaws states that minutes of any executive board meeting must be made available to any member in good standing within five days upon written request to the secretary. However, Local 1889 did not keep executive board meeting minutes. Also, Local 1889 did not retain membership meeting minutes for the months of January and August 2007. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

6. Union Owned Cell Phone

The union did not maintain records necessary to verify the accuracy of the information reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3.

Local 1889 incurred expenses totaling at least \$3,400 for the president's cell phone during 2007. However, Local 1889 did not maintain records documenting business versus personal use of the union cell phone.

## 7. Union Relief

Due to the nature of the work that members of Local 1889 perform, a traditional lost wages policy is not feasible. When officers or members need to be away from their jobs for union business, another member or officer must cover their shift. The officer or member covering the shift is paid by the local, which they call union relief. Although the local does not have a traditional lost wages policy, the local must still maintain proper documentation for union relief.

Local 1889 did not retain adequate documentation for union relief payments to union officers and members totaling at least \$3,300. The union must maintain records in support of union relief claims that identify each date shift coverage was incurred, the number of hours on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1889 maintained a log of names and a total of union relief earned by that member for each month, but the log did not contain the actual date of shift coverage, the number of hours, the rate of pay, or a description of the union business conducted by the officer or member who missed work.

I provided a sample of an expense voucher Local 1889 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 1889 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### **Reporting Violations**

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-3) filed by

Local 1889 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Incorrect Figures Reported On The LM Report

It appears that the figures reported in Item 25(A) (Cash at Start of Reporting Period), Item 25(B) (Cash at End of Reporting Period), Item 44 (Total Receipts), and Item 55 (Total Disbursements) on Local 1889's 2007 LM-3 report are not the correct figures according to the union's books after reconciliation to the bank statements. During the exit interview, I provided a copy of the Instructions for Form LM-3. The instructions identify account information that should be included in the Items mentioned above.

2. Officer 's Dues Paid By The Local

Monthly dues for the President, Vice-President, Recording Secretary, Treasurer, and Sergeant-at-Arms were paid by the local. When no money is exchanged, the officer's income and expenses are under-reported on the LM-3 Report. Officers should be required to pay all dues and then be reimbursed by the union. Dues reimbursements should be included in Item 24 (D) or (E) and Item 45 of the LM-3 report. This allows for a paper trail to be created for better internal financial control, greater transparency to union members, and a more accurate LM-3 report.

3. Disbursements to Officers

Local 1889 did not include some reimbursements to officers, including meal reimbursement and fuel reimbursement, in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union may have reported these payments in Item 48 or Item 54.

The union must report most direct disbursements to Local 1889 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).

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1889 amended its constitution and bylaws in October 2003, but did not file a copy with its LM report for that year.

Local 1889 has now filed a copy of its constitution and bylaws.

Local 1889 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 10, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

1. Cell Phone Usage Policy

As I discussed during the exit interview with you, the audit revealed that Local 1889 does not have a clear policy regarding cell phone usage. The president of the local is issued a cell phone, and the bill is paid by Local 1889. For the month of April 2007, a cell phone bill of \$1,770.89 was paid by Local 1889. There is also no policy for personal use of the local's cell phone. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Duplicate Receipts

Local 1889 receives cash payments from participants of the annual Trivia Night and Golf Tournament. Also, members annually collect money for the Muscular Dystrophy Association and turn the collected money over to the treasurer of the local. OLMS recommends that Local 1889 use a duplicate receipt system where the union issues original pre-numbered receipts to all persons who make payments and/or submit collected money directly to the union and retain 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 Local 1889 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: Bob Strinni, President