

U.S. Department of Labor

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January 17, 2008

Mr. Bradley Shanrock, Treasurer
Fire Fighters, AFL-CIO Local 283F
4601 - Parkside Drive SE
Lacey, WA 98503

LM File Number: 540-378
Case Number: [REDACTED]

Dear Mr. Shanrock:

This office has recently completed an audit of Fire Fighters, AFL-CIO Local 283F 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 December 11, 2007, 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 283F's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 283F did not retain adequate documentation for 27 credit card expenses totaling \$1550 incurred by President Foster, and 33 transactions from the union business checking account totaling \$3751. For example the following items did not have receipts or a union record to substantiate payment: cell phone charges, flowers, contributions to charity, and holiday payments to individuals.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 283F 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, the 32 golf course breakfast receipts included the name of vendor and nature of union business, but did not include the name of attendees. 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.

Based on your assurance that Local 283F 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 LM-3 filed by Local 283F for fiscal year ending December 31, 2006, was deficient in the following areas:

1. PAC Funds

Item 12 LM-3 (During the reporting period did your organization have a political action committee (PAC) fund?) was incorrectly answered, "No." Local 283F had its own PAC fund during 2006. As stated in the LM-3 report instructions, PAC funds kept separate from your union's treasury need not be included in your union's LM report if publicly available reports on the PAC funds are filed with a federal or state agency. However, the audit revealed that Local 283F's PAC funds were deposited to its general treasury and kept on deposit and not transferred to the PAC account during the audit year. Therefore, the financial activities of the PAC fund must be included in Local 283F's LM report.

2. Disbursements to Officers

Local 283F did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 283F 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).

3. 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.

4. 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 283F amended its constitution and bylaws in 1998, but did not file the required copies with its LM report for that year. Local 283F has now filed a copy of its constitution and bylaws.

5. Amended LM-3 Requested

Local 283F filed an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. The amended Form LM-3 has been received by OLMS.

Other Violation

The audit disclosed the following other violation:

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 283F were bonded for \$5,000 but have now obtained adequate bonding coverage for its officers and employees.

I want to extend my personal appreciation to Fire Fighters, AFL-CIO Local 283F 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,



Supervisory Investigator

cc: Mr. Thomas Foster, President