

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 20, 2009

Mr. John Cavanaugh, Treasurer
Longshoremens ASN AFL-CIO
Timekeepers Local 1242-1
PO Box 2460
Philadelphia, PA 19147

LM File Number 019-617
Case Number: [REDACTED]

Dear Mr. Cavanaugh:

This office has recently completed an audit of Timekeepers Local 1242-1 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 January 8, 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 Violation

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 1242's 2007 records revealed the following recordkeeping violation:

Meal Expenses

Local 1242-1 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$142.08. 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 1242-1 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, President Michael Brennan was issued a check in March 2007 for the total amount of \$52.90 for lunch reimbursement. 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 1242-1 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 1242-1 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Item 20 (Fidelity Bond)

Item 20 (Fidelity Bond) was left blank. Local 1242-1 is currently bonded for \$500,000.

2. Item 25 (Cash)

Cash figures reported in Item 25 A (Start of Reporting Period) and Item 25 B (End of Reporting Period) are not accurate. The audit revealed that Item 25 A should be reported as \$37,116.30 and Item 25 B should be reported as \$20,828.96.

The local's checking account balance reported should be obtained from your union's books as reconciled with the balances shown on the bank statements. You suggested during the exit interview that there may have been a receipt that was not recorded in the union's general ledger, which would account for the discrepancy. The error should be noted in Item 56 (Additional Information) on Local 1242-1's 2008 LM-3 report due March 31, 2009.

I am not requiring that Local 1242-1 file an amended LM report for 2007 to correct the deficient items, but Local 1242-1 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Unapproved Bonding

Local 1242-1 is currently bonded, but not through an approved surety company. A union may purchase a bond only from a surety company that holds a grant of authority from the Secretary of the Treasury as an acceptable surety on Federal bonds. A list of approved companies is published annually in the Federal Register, usually in July, and additions, changes, and removals are published as they occur. The Department of the Treasury's listing of approved surety

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companies may also be found on the Internet at <http://www.fms.treas.gov/c570/c570.html>. Local 1242-1 must secure and submit proof of a new bond from an approved company to OLMS by February 28, 2009.

I want to extend my personal appreciation to Timekeepers Local 1242-1 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: Michael Brennan, President