



September 29, 2015

Ms. Tina Miller, President
Food & Commercial Workers (UFCW) LU 557T
P.O. Box 61
Goshen, IN 46527

Case Number: 310-6000929
LM Number: 066567

Dear Ms. Miller:

This office has recently completed an audit of Food & Commercial Workers (UFCW) LU 557T 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 September 24, 2015, 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 557T's 2013 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 557T did not record in its receipts records employer dues checkoff checks and interest earned on certificates of deposit totaling at least \$21,845. 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.

2. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that although the Local did not hold regular membership or executive board meetings, the executive board informally discussed union business. Article VII, Section C(2) of the Local's bylaws requires that disbursements be authorized by the executive board. However, Local 557T maintained no minutes of any meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Lack of Salary Authorization

Local 557T did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were 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.

Based on your assurance that Local 557T 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 557T for the fiscal year ended December 31, 2013, was deficient in that disbursements for office and administrative expenses, professional fees, and contributions, gifts and grants were erroneously reported in Item 54 (Other Disbursements). Administrative expenses should be reported in Item 48, professional fees should be reported in Item 49 whereas contributions, gifts and grants should be reported in Item 51.

I am not requiring that Local 557T file an amended LM report for 2013 to correct the deficient items, but Local 557T has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with 557T, the audit revealed that Local 557T does not have a clear policy regarding the types of expenses officers may claim for reimbursement. Article VII, Section H of the Local's bylaws indicates that compensation and expenses for officers shall be established by the executive board. OLMS recommends that unions adopt written guidelines concerning reimbursable expenses to improve internal control of union funds.

2. Check Countersignature

During the audit, you advised that it is Local 557T's practice for the president to sign all union checks and other officers do not review the checks before they are issued. Article IX, Section C of the Local 557T's bylaws requires that all checks be signed by two trustees. Since the Local has no trustees, checks signed by the president may be countersigned by the Local's treasurer or the vice president. 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. OLMS recommends that Local 557T review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to you 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator