

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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February 5, 2009

Mr. Garry Brewer, Financial Secretary
United Mine Workers AFL-CIO
Local 762
970 4th Avenue
Waynesburg, PA 15370

LM File Number: 010-486
Case Number: [REDACTED]

Dear Mr. Brewer:

This office has recently completed an audit of Mine Workers Local 762 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 Patsy Ricciuti, Gary Mylan and you on February 3, 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.

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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 762's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 762 did not retain adequate documentation for reimbursed expenses to officers totaling at least \$624.00. For example, officers were reimbursed for mileage and meals but receipts were not maintained.

As previously noted above, 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.

2. Lack of Salary Authorization

Local 762 did not maintain records to verify that the salaries reported in Item 24 (All Officer 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.

Based on your assurance that Local 762 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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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 762 for fiscal year ending December 31, 2007, was deficient. Local 762 reported a contribution to Brownsville Hospital in the amount of \$500.00 in Item 48 (Office & Administrative Expense) instead of in Item 51 (Contributions, Gifts & Grants).

I am not requiring that Local 762 file an amended LM report for 2007 to correct the deficient item, but Local 762 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with President Ricciuti, Recording Secretary Mylan and you, the audit revealed that Local 762 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Signing Blank Checks

During the audit, you advised that Patsy Ricciuti signs blank checks. Your union's bylaws require that all checks be signed by the president and financial secretary. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 762 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Mine Workers Local 762 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.

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Sincerely,

[REDACTED]
Investigator

cc: Patsy Riccuiti, President
Gary Mylan, Recording Secretary