

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
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Chicago, IL 60604
(312) 596-7173 / FAX: (312) 596-7174



September 16, 2005

Wilmer Wittig
Financial Secretary
PACE LU 6-517
6924 W. 97th Street
Oak Lawn, IL 60453

Re:

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Dear Mr. Wittig:

This office has recently completed an audit of PACE Local 6-571 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, as Amended (LMRDA). As discussed during the exit interview with you on September 9, 2008, 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.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 6-517 amended its constitution and bylaws in 2001, but a copy of the constitution and bylaws was not filed with Local 6-517's LM-2 report for that year. Two copies of Local 6-517's constitution and bylaws have now been filed.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 6-517 for fiscal year ending December 31, 2004 was deficient in the following areas:

- 1) The local reported the receipts attributed to interest as \$14,076 in item 46 when the union books and bank statements show only \$3,777 in interest receipts.
- 2) The local reported the total disbursements as \$164,232 in item 74 when the union books show only \$153,931 in total disbursements.
- 3) The local reported only the president, vice-president, and financial secretary in Schedule 9 - All Officers and Disbursements to Officers. The rest of the officers were reported under Schedule 10 - Disbursements to Employees. All officers listed in the local's constitution and bylaws must be reported in Schedule 9 regardless of whether or not they received payments any payments from the union.
- 4) The local failed to break down the disbursement total reported in column H of Schedule 9 into gross salary, allowances, disbursements for official business, and other disbursements for each officer reported in Column A.
- 5) The local failed to include some reimbursements to officers and employees in the amounts reported in Schedule 9 (All Officers and Disbursements to Officers) and Schedule 10 (Disbursements to Employees). Such payments appear to have been erroneously reported in Schedules 13 (Office and Administrative Expenses).

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All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

It will be necessary for Local 6-517 to file amended LM-3 report for FYE December 31, 2004 to correct the deficient items discussed above. The necessary reporting forms and instructions were provided during the exit interview. You may also use the new electronic forms software available from OLMS to complete the amended reports. One copy of each amended report should be submitted to this office at the above address as soon as possible, but no later than two weeks after receiving this letter. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 6-517 2004 records:

- 1) The local failed to maintain a detailed receipt record for the sale of union jackets to members. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.
- 2) Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.
- 3) The local failed to maintain detailed American Legion refreshment receipts. With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements

