



February 27, 2015

Mr. Mark Gregory, President  
Bakery, Tobacco & Grain, AFL-CIO  
Local 66G  
[REDACTED]

Case Number: 320-6003069( [REDACTED] )  
LM Number: 020876

Dear Mr. Gregory:

This office has recently completed an audit of Bakery, Tobacco & Grain Local 66G 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 and Financial Secretary Richard Popenhagen on February 6, 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 66G's 2014 records revealed the following recordkeeping violations:

#### 1. Credit Card Expenses

Local 66G did not retain adequate documentation for credit card expenses incurred by union officers totaling \$31.79. The charge was an online purchase from "Geek Squad." As 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.

In addition, Local 66G records of expenses for meals charged to union credit cards did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Also, Local 66G officers did not provide itemized receipts for five meal expenses totaling at least \$150.82. Union records of meal expenses must include itemized receipts, 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. These records are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

## 2. Lost Wages

Local 66G did not retain adequate documentation for lost wage reimbursement payments to [REDACTED] totaling at least \$581.46. The union must maintain records in support of lost wage claims that 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. The OLMS audit found that Local 66G did not retain any record of the dates, hours worked, or the purpose(s) of the lost time for [REDACTED] reimbursement because [REDACTED] was not a union officer during the period that the lost time was incurred.

Based on your assurance that Local 66G will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 66G amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year. Local 66G has now filed a copy of its constitution and bylaws.

### Other Issues

#### 1. Lost Wages Policy

During the opening interview, you advised that Local 66G permits officers to be paid for the time missed from work to conduct union business (lost time pay) and to be paid for conducting union business when no time is missed from work, such as in the evenings or on weekends (pay for union work). Local 66G does not differentiate between lost time pay and pay for union work. The audit revealed that Local 66G does not have a clear documented policy regarding when officers can be paid lost time pay or pay for union

work. The lack of a detailed policy would prevent OLMS from verifying that the payments that must be included in Item 24 of Local 66G's Form LM-3 are the authorized amounts, and, therefore, are correctly reported.

Whatever your union's policy, it should be reduced to writing and added to your union's bylaws or approved at an executive board or membership meeting where they can be supported by entries in meeting minutes. Once established, it is important that your union consistently follow its policy for handling lost time pay and pay for union work.

## 2. Vacation Pay

During the opening interview, you stated that all Local 66G officers receive a vacation payment at the end of the year based on a percentage of the time that officer worked for the union. The percentage is determined by the vacation payment chart in the local's collective bargaining agreement. The audit revealed that Local 66G does not have a clear documented policy regarding this policy in the union's records. The lack of a detailed policy would prevent OLMS from verifying that the payments that must be included in Item 24 of Local 66G's Form LM-3 are the authorized amounts, and, therefore, are correctly reported.

Whatever your union's policy, it should be reduced to writing and added to your union's bylaws or approved at an executive board or membership meeting where they can be supported by entries in meeting minutes. Once established, it is important that your union consistently follow its policy for handling vacation payments to officers.

I want to extend my personal appreciation to Bakery, Tobacco & Grain Local 66G 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: Mr. Richard Popenhagen, Financial Secretary