



March 19, 2012

Mr. Anthony M. Colucci, Jr., Treasurer  
ILA Local 1913

Case Number: [REDACTED]  
LM Number: 521628

Dear Mr. Colucci:

This office has recently completed an audit of ILA Local 1913 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 President Chris Kaplan on March 12, 2012, 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 1913's 2011 records revealed the following recordkeeping violations:

#### 1. General Receipts and Disbursement Records

Local 1913 did not maintain any document accurately describing the amounts and types of quantities of food purchased from "Lakeshore" Teresa's Deli for its picnic event at Waldameer Water World in Erie, Pennsylvania. The local retained a receipt showing the

purchase, but had no document or invoice indicating what items were purchased and in what quantities. The union must maintain itemized receipts and/or invoices provided by merchants and vendors. 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.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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. 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. Meal Expenses

Local 1913 did not retain itemized receipts for meal expenses totaling at least \$339.99. 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 1913 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, six receipts for meals purchased at the Lakeway Restaurant did not have the names and titles of the union officers or members present, nor did they have an explanation of the union business conducted. 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 1913 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 1913 for the fiscal year ended December 31, 2010, was deficient in the following area:

#### Misreporting of Number of Members of Union

The Form LM-3 report filed by Local 1913 for 2010, as well as the reports filed for the local's two prior fiscal years, lists the local as having only five or six members. The number of members listed on the LM-3 reports appears to correspond to the number of officers listed on the

LM-3 reports for the local each year, as opposed to the actual number of members in the local. During the audit, you indicated that the local had approximately 42 members in 2011. On the local's 2011 LM-3 report, ensure that the correct number of union members is listed under Item 19.

I am not requiring that Local 1913 file an amended LM report for 2010 to correct the deficient items, but Local 1913 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

It is Local 1913's practice to have only one officer, usually its Treasurer, sign all union checks. The local's Constitution and Bylaws indicates that checks are to be signed by the Recording Secretary/Treasurer and countersigned by the 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. The use of only one signatory does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. I recommend that Local 1913 review its check writing procedures to improve its internal control of union funds.

I want to extend my personal appreciation to ILA Local 1913 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,



Senior Investigator

cc: Mr. Chris Kaplan, President