

U.S. Department of Labor

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October 16, 2008

Ms. Lucinda Carter, Secretary-Treasurer
Food & Commercial Workers
Local 266 T
207 S. Franklin Street
Wilmington, DE 19805

LM File Number 021-605
Case Number: [REDACTED]

Dear Ms. Carter:

This office has recently completed an audit of Food & Commercial Workers Local 266 T 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 President Doug Green and you on October 14, 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.

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 266 T's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 266 T did not retain adequate documentation for expenses on behalf of benefits to members. For example, during the 2007 fiscal year, the local spent approximately \$1,653 on ACME gift cards for members. The local did not maintain adequate documentation, such as an inventory list, to confirm which members received gift cards.

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. Meal Expenses

Local 266 T did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$326.26. 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 266 T 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, on October 4, 2006, Former Secretary-Treasurer [REDACTED] was issued a check for a lunch reimbursement totaling \$81.72. Although the

local maintained the restaurant receipt, the meal expense was not itemized appropriately. 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 266 T 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(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 266 T for fiscal year ending September 30, 2007 was deficient in that:

Disbursements to Officers

Local 266 T erroneously reported payments to officers for lost wages in Item 24 (All Officers and Disbursements to Officers, Column E, Allowances and Other Disbursements) in combination with payments to officer for allowances. Lost wages are to be reported in Item 24, Column D, Gross Salary.

The union must report most direct disbursements to Local 266 T officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 Expense).

I am not requiring that Local 266 T file an amended LM report for 2007 to correct the deficient items, but Local 266 T has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Officer Expense and Lost-Time Payment Policy

As I discussed during the exit interview with President Doug Green and you, the audit revealed that Local 266 T does not have a clear policy regarding the types of expenses union officers may claim for reimbursement. In addition, Local 266 T does not have clear policy as to the circumstances that an officer may receive reimbursement for lost-wages while conducting union business. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Food & Commercial Workers Local 266 T 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: President Doug Green