

U.S. Department of Labor

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September 18, 2006

Mr. Thomas Scheid, Staff Representative
Retail Wholesale, DC, UFCW, AFL-CIO
Allegheny Regional Joint Board
144 Grant Avenue
Pittsburgh, PA 15209

Re: Case Number:

Dear Mr. Scheid:

This office has recently completed an audit of the Allegheny Regional Joint Board 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 on 09/14/06, 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.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 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 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.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of the Allegheny Regional Joint Board records revealed the following recordkeeping violations:

Union officers and employees failed to maintain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded. You agreed to record the union purpose and attendees at each meal in the future.

In the case of reimbursed mileage expenses for personal vehicles used for business travel, records must be maintained which identify the date of travel, locations traveled to and from, number of miles driven, and the business purpose of each use. You agreed to record the business purpose of all travel in the future.

Adequate documentation was not retained for some purchases of office supplies. Photocopies of receipts and/or credit card statements were sometimes used as backup documentation for expenses. You stated that photocopies were maintained because original receipts sometimes fade. You agreed in the future to maintain original receipts. When you used your personal credit card and were reimbursed for expenses, you only included a copy of the credit card statement. We discussed the need to keep original receipts and you agreed to do so in the future.

As agreed, provided that the Allegheny Regional Joint Board maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The CAP 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 the Allegheny Regional Joint Board for fiscal year ending September 30, 2005, was deficient in the following areas:

The Allegheny Regional Joint Board failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers) and Item 46

(Disbursements to Employees). Such payments appear to have been erroneously reported in Item 54 (Other Disbursements).

All direct disbursements to Allegheny Regional Joint Board officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment 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 Expense).

The total of all salaries, allowances, travel advances which are not considered loans as explained in the instructions for Item 18, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organization during the reporting period should be reported in Item 46. Include disbursements to individuals other than officers who receive lost time payments even if the Joint Board does not consider them to be employees or does not make any other direct or indirect disbursements to them.

I am not requiring that the Allegheny Regional Joint Board file an amended LM report for 2005 to correct the deficient items, but as agreed, the Joint Board will properly report the deficient items on the upcoming September 30, 2006 LM-3 report and all future reports filed with this agency.

The audit disclosed the following other issues:

During the audit, you advised that it is the Joint Board's practice to stamp the signatures of President Ken Hudek and Secretary Treasurer Carol Bittner on all union checks. You indicated that no one but yourself reviews the checks before they are issued. Article IX, Section 2 of the Allegheny Regional Joint Board's bylaws requires two signatures on all checks, but allows the use of signature stamps. The two signature requirement on all checks is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document. However, the use of signature stamps does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the two signature requirement. I

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recommend that the Allegheny Regional Joint Board review these procedures to improve internal control of union funds.

During the audit, you advised that President Ken Hudek and Secretary/Treasurer Carol Bittner sign blank withdrawal slips in advance. I recommend that the Joint Board also review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Allegheny Regional Joint Board 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