

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Baltimore Resident Office
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September 1, 2006

Mr. William Kimble, Financial Secretary
United Food and Comerical Workers (UFCW)
Chemical Workers Local 261 C
11713 Aster Avenue SW
Cumberland, MD 21502-5216

Re: Case Number: ██████████

Dear Mr. Kimble:

This office has recently completed an audit of Local 261C 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 Local 261C President Rick Often and you on August 23, 2006, 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 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, and source of all money received by the union must be recorded in at least one union record. Bank records and canceled checks must also be retained for all accounts.

The audit of Local 261C's 2006 records revealed the following recordkeeping violations:

1. Lost Wage Claims

Union officers failed to maintain adequate records regarding lost wage claims that were incurred. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages.

2. Expenses

Local 261C failed to retain adequate documentation for payments made for a storage locker. Receipts must be kept for all expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record.

3. Receipts

Local 261C failed to retain in its records a check stub related to the receipt of money from a dues payment. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 261C maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Other Issues

1. Lost Wage Policy

As discussed during the exit interview, Local 261C does not have a clear policy regarding lost wage claims. I recommend that Local 261C document the lost wage policy in its bylaws or record them in meeting minutes or some other internal document (following discussion in the appropriate membership and/or executive board meeting). When the lost wage policy has been recorded in union records,

please forward a copy of the record documenting the authorization to me at the above address.

2. Signatories on Bank Accounts


The audit revealed that the union's former officers are signatories on some of the union's bank accounts. I strongly recommend that the signatories on all union bank accounts be updated.

3. Audit

A review of the local's bylaws revealed that the local is required to be audited by a certified public accountant on an annual basis. I strongly recommend that the local follow the policies set forth in its bylaws.

I want to extend my personal appreciation to Local 261C 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: Rick Often, President