

U.S. Department of Labor

Employment Standards
Administration
Office of Labor-Management
Standards
Pittsburgh District Office
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July 17, 2006

Mr. David Ramsey, President,
Union Employees Union, Local 1
2815 Broadway Avenue
Pittsburgh, Pennsylvania 15216

Re: Case Number:

Dear Mr. Ramsey:

This office has recently completed an audit of Union Employees Union (UEU), Local 1 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 July 11, 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.

The CAP disclosed a violation of Title II of the LMRDA. Title II 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.

Union officers and employees failed to maintain adequate documentation for expenses reimbursed by the union. At the completion of union travel, officers must turn in for retention in union records detailed receipts/invoices. 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 paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation maintained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if

necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a 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.

The union failed to maintain copies of cancelled checks from the UEU checking account, all banking account statements, and records of votes for approved annual holiday disbursements (annual Christmas bonuses). As referenced under officer and employee expenses, expense vouchers must fully and accurately reflect the nature of UEU's official business. During the CAP it was discovered that an April 15, 2005 dinner at Doc Holiday's in Harrisburg, Pennsylvania did not list the names of the union employees present for the meal or the nature of the union business. In addition, the union failed to maintain bills for several flower orders.

I strongly urge Local 1 to adopt clear guidelines regarding what types of expenses personnel may incur and what kinds of out-of-pocket expenses personnel may be reimbursed. Our office is certainly available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, I would appreciate it if you would provide a copy to this office.

The local failed to retain all general membership meeting minutes. The constitution of the Union Employee Union mandates general meetings will be held at least semi-annually. In addition, minutes will be made of all general membership meetings and will be sent to each UEU workshop. During the fiscal year audited, you were only able to provide one set of meeting minutes. A review of these minutes failed to provide information as to authorized travel expenses; approved disbursements for other expenses (such as the yearly holiday bonuses); and approved loans for members. Maintaining detailed meeting minutes is crucial to verification of authorized expenses and disbursements.

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1's officers and employees were previously bonded for \$10,000 but required bonding of at least \$18,878. As a result, the union obtained adequate bonding coverage of \$20,000 for its officers and employees.

As agreed, provided that Local 1 maintains adequate documentation as discussed above in the future and continues proper bonding, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to Union Employees Union, Local 1 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that

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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,

Investigators

cc: Jack Yanchulis, Treasurer