

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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September 26, 2006

Keith Baker, President  
PACE, AFL-CIO  
Local 1478  
PO Box 1478  
South Glens Falls, NY 12803

Re: Case No. \_\_\_\_\_

Dear Keith:

This office has recently completed an audit of PACE, AFL-CIO Local 1478 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 on September 22, 2006 the following deficiencies 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.

The audit of Local 1478's 2005 records revealed the following recordkeeping violations:

Union officers and employees failed to maintain adequate documentation for expenses that were directly paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must be signed and identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

Also, adequate documentation was not retained for some purchases of office supplies and equipment and some checks that were voided and not issued were not retained.

Union officers and employees also failed to maintain adequate documentation for expenses charged to union credit cards. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Local 1478 maintain adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

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 Local 1478 for fiscal year ending December 31, 2005, was deficient in the following areas:

Local 1478 amended its constitution and bylaws in 2002, but a copy was not filed with its LM report for that year. The latest version filed with our office was for 1979. A copy of Local 1478's constitution and bylaws has now been filed.

Local 1478 improperly reported some payments to officers and employees in Schedule 24 (All Officers and Disbursements to Officers), reported \$0 in fixed assets, and reported improper bond coverage amount. Regarding payments to officers, it appears that the accountant completing Local 1478's LM-3 report listed all payments to officers in Column D – Gross Salary – only salary and lost wages should be reported in this column (see LM-3 instructions).

I am not requiring that Local 1478 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 1478 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to you for your cooperation, courtesy and plant tour during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Albert Varney, Financial Secretary  
Bonnie Anderson, Recording Secretary