



LMRDA Compliance

A Guide for New Union Officers

Congratulations on becoming a union officer! You have been entrusted with many important duties and responsibilities. The Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor has prepared this guide to help you properly carry out some of these duties. OLMS enforces certain provisions of the Labor-Management Reporting and Disclosure Act (LMRDA), which guarantees rights to union members and imposes responsibilities on union officers. The LMRDA establishes a bill of rights for union members; reporting requirements for unions, union officers, and union employees; standards for the

election of union officers; and safeguards for protecting union funds and assets.

This guide includes general information regarding LMRDA requirements that apply to unions and union officers and offers suggestions on how to comply with these requirements. Although this guide is designed primarily for newly elected presidents and financial officers, it should be helpful to all new officers. Additional information about the LMRDA is available from the OLMS field offices listed on page 4.

Unions Must File Annual Financial Reports

- The LMRDA requires unions to file financial reports annually with OLMS. Unions with annual receipts of \$250,000 or more (and those under trusteeship) must file Form LM-2. Unions with annual receipts less than \$250,000 may file the shorter Form LM-3, and unions with annual receipts less than \$10,000 may file Form LM-4. Annual financial reports must be signed by the president and treasurer or corresponding principal officers and are due within 90 days after the end of your union's fiscal year. Unions can now complete the Form LM-2, LM-3, or LM-4 quickly and easily using a personal computer and the new electronic forms software developed by OLMS, which is available at www.olms.dol.gov. Form LM-2 filers must file the revised Form LM-2 electronically for fiscal years beginning July 1, 2004, and later. This software is also available at www.olms.dol.gov.
- Unions must make annual financial reports available to their members and permit members to examine supporting records for just cause.
- The reports and documents filed with OLMS are public information and any person may examine them or obtain copies from the OLMS National Office. Anyone with a computer and Internet connection can examine reports or obtain copies through the OLMS Internet Public Disclosure Room at www.unionreports.dol.gov.

Suggestions

- When you take office, ensure that your union is up-to-date in filing Form LM-2, LM-3, or LM-4 annual financial reports, and that a copy of the last report is in your union's files.
- If your union is not up-to-date in filing its annual financial report, you are responsible for filing the required report immediately.
- You should download electronic reporting forms from www.olms.dol.gov. The completed forms can be signed with digital signatures and submitted over the Internet or printed, signed, and mailed to OLMS. Filers without access to a computer can contact OLMS to obtain paper copies of the forms.
- When completing your annual financial report, gather records well before the due date and review the instructions thoroughly to make sure that you complete the report properly. If you have any questions, call OLMS.
- If your union amends its constitution and bylaws, remember to file two dated copies with your union's next annual financial report.
- Check your union's constitution and bylaws to review any other requirements regarding financial reporting. Also contact any former officers or your union's parent body to determine if your union is required to file reports with the IRS.

Unions Must Maintain Certain Records

- The LMRDA requires unions to maintain the records necessary to verify the reports filed with OLMS for at least five years after the reports are filed.
- As a general rule, all types of records used in the normal course of doing business must be maintained such as receipts and disbursements journals, cancelled checks, bank records, dues collection receipts, vendor receipts, credit card slips, meeting minutes, etc.
- All election records must be maintained for one year after the election.

Suggestions

- If your union has an established paper or electronic recordkeeping system, review it thoroughly and, if necessary, check with prior officers on how records are maintained. Become familiar with the types of records your union maintains, including those needed to complete your annual financial report.
- Find out if your national or international union has any specific recordkeeping forms or requirements, including any handbooks or other guidance material.

Unions Must Safeguard Funds and Assets

- The LMRDA imposes a duty on union officers to manage the funds and property of the union solely for the benefit of the union in accordance with its constitution and bylaws.
- A union may not have loans to any officer or employee that in total exceed \$2,000 at any time.
- A union officer or employee who embezzles union funds or other assets commits a federal crime punishable by a fine and/or imprisonment.
- Individuals who have been convicted of certain crimes listed in the LMRDA may not hold union office or employment for up to 13 years after their conviction or the end of their imprisonment, if any.

Suggestions

- Use a system of checks and balances to insure that one person is not solely responsible for all financial transactions. For example, require that two officers sign all checks and do not sign checks before the date, payee, and amount are entered.

- Review current practices for collecting dues and other receipts to insure that all receipts are recorded in union books and records, member dues are deposited in the bank on a timely basis, and deposits are properly recorded.
- Confirm that all expenditures are authorized in accordance with your union's constitution and bylaws and are properly recorded in membership/executive board minutes and union disbursement books and records.
- Remove any former officers' names from union bank accounts.
- Conduct an inventory of union assets to determine if they match prior inventory and union records of purchases and sales.
- Have trustees or an audit committee conduct periodic audits and report to the membership. The OLMS publication, *Conducting Audits in Small Unions: A Guide for Trustees*, is available from the nearest OLMS field office.
- If you discover a possible misuse of union funds, contact your national or international union or OLMS.

Union Officers and Employees Must Be Bonded

The LMRDA requires officers and employees of unions with property and annual receipts of more than \$5,000 to be bonded if they handle union funds or property. Handling funds is not limited to physical contact with money. For example, a person who has the authority to sign checks or redeem certificates of deposit is considered to be handling funds.

- The minimum bonding amount for each covered officer or employee is 10 percent of the funds handled by the official and his or her predecessor, if any, during the preceding fiscal year. For a new local union, the bond must be at least \$1,000.
- Bonding coverage required by the LMRDA is limited to protection against financial loss arising from fraudulent or dishonest acts, including larceny, theft, and embezzlement.

- The required bond must be obtained from a company on the U.S. Treasury Department list of approved bonding companies. The bond may not have a deductible since that is a form of prohibited self-insurance.

Suggestions

- If you are an officer of a newly formed union, contact your national or international union to see if it obtains bonding coverage for its locals. If not, obtain adequate bonding coverage.
- If you are an officer of an established union, determine if the amount of your union's bond is adequate. If not, increase coverage immediately.
- Confirm that your union's bond covers losses due to fraud or dishonesty by each bonded person

Unions Must Conduct Fair Elections of Officers

- Local unions must elect their officers by secret ballot at least every three years.
- Officer elections must be conducted in accordance with the provisions of your union's constitution and bylaws as long as they comply with the LMRDA.
- Every member in good standing has the right to nominate candidates, to be a candidate subject to reasonable qualifications uniformly imposed, and to support and vote for the candidates of the member's choice.
- Unions must mail a notice of election to every member at the member's last known home address at least 15 days prior to the election.
- Union and employer assets, including funds, equipment, and property, may not be used to promote the candidacy of any candidate. However, union funds may be used for reasonable expenses necessary to run an election.

Suggestions

- Review your union's constitution and bylaws well ahead of the scheduled election and determine your responsibilities and the time frames for conducting all aspects of nominations and the election.
- Update your union's membership mailing list regularly. For guidance on doing this, see the OLMS publication *Updating Your Union's Membership Mailing List*.
- Inform officers and employees of your union of the LMRDA prohibition against using union funds for campaign purposes, including campaigning on union time.
- Request a copy of *Conducting Local Union Officer Elections: A Guide for Election Officials* from the nearest OLMS field office for use by those who will be conducting the upcoming election.

Unions Must Allow Members to Exercise Their LMRDA Rights

- Union members have safeguards against improper discipline, equal rights to participate in union activities, freedom of speech and assembly with other members, and safeguards against improper dues increases.

- Union members and non-member employees have the right to receive or inspect copies of collective bargaining agreements.
- It is unlawful to use force or violence against union members who are exercising their rights under the LMRDA.

Additional Information

Additional information is available on the OLMS Web site at www.olms.dol.gov by sending a message to olms-public@dol.gov, by calling the DOL Help Line at **1-866-487-2365**, or by contacting an OLMS district office.

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For the address and telephone number of our field offices, please consult local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, or view our online organizational listing at <http://www.dol.gov/olms/contacts/lmskeyp.htm>.

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