

Dr. John Lund from the U.S. Department of Labor Visits Legacy

The partners of Legacy welcomed Dr. John Lund, Director of the Office of Labor Management Standards (OLMS) of the U.S. Department of Labor (DOL), to our Chicago office on Wednesday, February 17, 2010. Dr. Lund, along with Michael Purcell, Supervisory Investigator for the Chicago OLMS District Office, spoke with the partners and managers from all three Legacy offices. Until being appointed to his current position by the White House, Dr. Lund served as a professor of the University of Wisconsin School for Workers for twenty-four years and was also a member of the faculty of the UW Department of Industrial and Systems Engineering. Lund provided us first-hand, up-to-date information on current OLMS enforcement, regulatory and voluntary compliance initiatives.

Enforcement and Voluntary Compliance

Lund emphasized the importance of on-time filing of union annual financial reports (Forms LM-2, -3 or -4) and the importance of checking each year that the union is adequately bonded. Lund also indicated that OLMS will continue to publish criminal case data and compliance audit closing letters on its website because both serve an important function.

OLMS recommends that each local union adopt its own policy on expense reimbursement to ensure that there is clear guidance on what kind of authorization is needed for travel and other reimbursement, as well as the type of documentation required. Lund emphasized the need of local unions to adopt lost-time (or lost wage) policies. OLMS plans to publish compliance tips on these important subjects in the near future. Lund also emphasized the need to regularly check the adequacy of internal controls.

Regulations

On February 2, 2010, the Department of Labor published a “Notice of Proposed Rulemaking” which proposes rescinding Form T-1 and requiring subsidiary reporting for wholly-owned union subsidiaries such as building corporations, strike and defense funds. This proposed rule can be viewed at http://www.dol.gov/olms/regs/compliance/t1_intro.htm. Lund emphasized that all interested unions and individuals should review this proposed rule. Those who are interested may also submit comments on-line at www.regulations.gov. “Rescission of Form T-1, Trust Annual Report” can be used as the “key word” to submit your comments. Lund

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indicated that other items on the OLMS rule-making calendar include an upcoming proposed rule on Form LM-30, the form filed by union officers and employees (other than purely clerical or custodial employees) who have reportable transactions, as well as a proposed rule later in the fall dealing with the advice exemption to reporting by labor-management consultants hired by employers in organizing and other campaigns. Local union officers, employees and members who would like to get copies of proposed rules as they are published, as well as other important OLMS announcements, should sign up for the OLMS electronic mailing list at <http://www.dol.gov/olms/org/olms-mailinglist.htm>.

Other Initiatives

By the summer of 2010, OLMS plans to unveil a new web-based electronic filing software program that will enable not only LM-2 filers, but also LM-3 and -4 filers to file without using the current software and digital signature. Lund also indicated that the OLMS website will include more “compliance tips” on key areas such as developing local union policies on lost-time, authorizing salaries, travel expense reimbursement and credit card policies. OLMS plans to offer more voluntary compliance training.

Legacy Comments on Lund Visit

It was very clear from our meeting that OLMS views its role as one of protecting union members by requiring meaningful and proper reporting that provides transparency and accountability to union members. Visit www.olms.dol.gov for more information.

Dr. Lund emphasized a number of items that we already incorporate into our client engagements. These include timely filing of LM Forms; and recalculating the required bonding level and comparing that to the Local’s current bonding. We communicate in our management letters the importance of internal controls, highlighting matters such as weaknesses in documentation of expense reimbursements and use of credit cards.

We are honored to have had the opportunity to dialogue with Dr. Lund. Moreover, we are pleased to share this exchange of ideas to better assist you in serving your members. Please do not hesitate to contact us if you have any questions about any of the above content as it relates to your organization.