

# Reporting to the Department of Labor



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**U**nless your branch has no annual income or financial activity, you *must* file with the Office of Labor-Management Standards (OLMS) one of three types of financial reports, depending upon the total annual receipts of the branch. The Labor-Management Reporting and Disclosure Act (LMRDA) requires unions to file the report within 90 days after the branch's (or state association's) fiscal year. *Most branches have fiscal years ending Dec. 31, so most should be filing by March 30 each year.* Branch presidents and secretary-treasurers are responsible for ensuring that required reports are filed timely and accurately. The LMRDA does not provide for or permit

an extension of time for filing for any reason.

The filing requirements are:

- **Form LM-2**—Lengthy report filed electronically by branches with \$250,000 or more in annual receipts.
- **Form LM-3**—Four-page report filed by branches with total annual receipts of at least \$10,000 but less than \$250,000. The Department of Labor (DOL) instituted a new electronic filing system, the Electronic Forms System (EFS), which replaced the Adobe Acrobat and digital signature system. With a web-enabled computer, treasurers may complete, sign (along with the president) and electronically file the LM-3 without purchasing a digital signature or downloading special software. In addition, EFS performs all calculations for the LM report and completes a form error check prior to submission to the DOL.
- **Form LM-4**—Two-page report filed by branches with annual financial receipts of less than \$10,000. Although paper may be used, the EFS is more beneficial (see above).

The officers required to file annual financial reports are responsible for maintaining records that will provide, in sufficient detail, the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least five years after the date the report is filed. Any record necessary to verify, explain or clarify the report must be retained, including but not limited to, vouchers, worksheets, receipts and applicable resolutions.

Willfully failing to file a report or to keep required records can lead to criminal penalties—specifically a fine of not more than \$100,000, imprisonment for not more than one year, or both. Knowingly making a false statement or repre-

sentation of a material fact or knowingly failing to disclose a material fact in a report or other required document; and/or willfully making a false entry in, or withholding, concealing or destroying documents required to be kept may result in the same penalties listed above.

As a reminder, since 2005, the Office of Labor-Management Standards (OLMS) has required labor organizations to submit the Form LM-2 electronically. OLMS also permitted, but did not require, those who file the Form LM-3 and Form LM-4 to file electronic reports. Under a new rule, OLMS will require all filers to file electronically. *This new rule will be applicable to fiscal years beginning on or after Jan. 1, 2017.* For more information on this change, see my September/October 2016 *Postal Record* article.

More information on filing the appropriate LM form for your branch or state association can be found at [dol.gov/olms](http://dol.gov/olms).

**In addition to information on filing the LM report, the same link can be used to find other important information including, but not limited to:**

- **Conducting Audits in Small Unions**—A guide for trustees with a limited, focused review of financial records that was developed for use by trustees from small unions. This guide is ideal for all NALC branches and state associations. Not only should trustees be aware of and use the guide, it is also helpful to other branch officers with fiduciary duties. The guide will assist all officers in understanding their responsibilities in ensuring the NALC constitutionally mandated requirement of trustees performing an audit of the branch's books at least once every six months is performed thoroughly and accurately. The guide can be found from the above link by clicking on "Union" under "Compliance Assistance Resources" and then clicking on "Publications" under "Union Financial Integrity."
- **Bonding Requirements under the LMRDA**—All branches and state associations that have liquid assets and annual receipts of \$5,000 or more in value must be bonded.
- **Bonding Computation Worksheet**—Many NALC branches and some state associations either do not have a bond and should, or are under-bonded. This worksheet will assist the branch treasurer in assuring that any branch officer who handles funds or who has access to funds is bonded for at least the minimum amount required by the DOL. (Both the bonding requirements and the computation worksheet can be found by following the same links listed above for the guide for conducting audits.)
- **Internal Financial Controls**—Provides information on the general fiduciary responsibility for officers and employees of labor organizations who occupy positions of trust.