

Reporting to the DOL: Electronic filing requirements



**Nicole
Rhine**

Unless your branch has no annual income or financial activity, you must file one of three types of financial reports with the Office of Labor-Management Standards (OLMS), depending on the total number of annual receipts from the branch. The Labor-Management Reporting and Disclosure Act (LMRDA) requires that unions file the report within 90 days after the branch's fiscal year. Most branches' fiscal years end on Dec. 31, so most should be filing by March 30 each year. Branch presidents and treasurers are responsible for ensuring that the required reports are filed in a timely and accurate manner. 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 electronically by branches with total annual receipts of at least \$10,000 but less than \$250,000. The Department of Labor (DOL) instituted an electronic filing system, the Electronic Forms System (EFS), which replaced the Adobe Acrobat and digital signature system. The branch treasurer may complete, sign (along with the branch 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 electronically by branches with annual financial receipts of less than \$10,000.

The officers who are 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 re-

ports 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 representation 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, OLMS has required labor organizations to submit Form LM-2 electronically. OLMS also permitted, but did not require, those who file Forms LM-3 and LM-4 to file electronic reports. Under a new rule, OLMS requires all filers to file electronically. This new rule was applicable to fiscal years beginning on or after Jan. 1, 2017.

More information concerning electronic filing is available on the DOL website, as is information on registering with EFS. Anyone who needs to prepare or sign an LM form in EFS will need a specific personal identification number (PIN) for his or her union. The DOL advises that each union (i.e., each branch) select one representative to register with EFS online and obtain a PIN for that union (branch).

More information on filing the appropriate LM form for your branch can be found at dol.gov/olms.

In addition to information on filing the LM report, the same link can be used to search for 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. The guide can be found at the above link by clicking on “Union Resources” under “Compliance Assistance,” and then clicking “Publications” under “Union Financial Integrity.” The link to a PDF of the guide is under “Financial Safeguards.”
- **Bonding requirements under the LMRDA**—All branches that have liquid assets and annual receipts of \$5,000 or more in value must be bonded.
- **Bonding computation worksheet**—Many NALC branches 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.)