



Local Policies and Procedures

LMRDA

Section 501 of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), outlines general fiduciary responsibility for officers and employees of labor organizations. Union officials occupy positions of trust and, therefore, must ensure that the union's funds and other assets are used solely for the benefit of the union and its members. **Unfortunately, if a union or other organization does not have an adequate system of internal financial controls, some individuals may use, or be tempted to use, some of the organization's funds for their own purposes or become careless and mix the organization's money with their own.**

OLMS Guidance

Although OLMS does not recommend one best policy for authorizing officer and employee salary, allowances and expenses, and/or paid leave, it strongly recommends a written policy approved by the governing body to ensure compliance with the LMRDA and to safeguard union assets. This authorization must be documented in at least one union record.

Expense Requirements

The Office of Labor-Management Standards (OLMS) enforces certain provisions of the Labor Management Reporting and Disclosure Act of 1959 (LMRDA). The LMRDA requires, in part, that unions meet basic standards of fiscal responsibility. To ensure compliance with the LMRDA and safeguard union assets by promoting transparency and accountability,

Expense Requirements

OLMS recommends that each union:

- (1) adopt a **clear policy** on reimbursed travel expenses;
- (2) establish what **documentation is needed** for an official to be reimbursed;
- (3) establish a procedure that provides for **approval of travel expense claims**.

The union must then properly report all expense payments on the appropriate line items and schedules on the Form LM-2, LM-3, or LM-4 it files.

Expense Requirements

Section 206 of the LMRDA requires the union to maintain records that are sufficient to permit the reports to be verified, explained and checked for accuracy and completeness.

Adopt a Clear Travel Reimbursement Policy

- Who is eligible to receive reimbursed travel expenses? Must the individual be a union officer or employee? What about members? What about spouses of officials?
- Under what circumstances may reimbursed travel expenses be paid? What if the official attended an event put on by a parent body and the parent body paid some of the travel expenses? What if the local already pays the official a monthly expense allowance?

Adopt a Clear Travel Reimbursement Policy

- What travel expenses are covered by the policy? May the traveler be reimbursed for airline flights, car rentals, or mileage for use of a personal car? What about lodging? Must the official be outside his or her normal work area for a certain period of time in order to be eligible for reimbursement?
- Must the travel or other expense have been authorized in advance?

Establish What Documentation is Required to Approve Payment

The policy should state what documentation is required when a request for reimbursement is submitted for payment: Some unions have adopted a fairly straightforward rule - “no receipt, no reimbursement, no exceptions.”

Establish What Documentation is Required to Approve Payment

Does the policy require airline receipts, boarding passes, itemized hotel receipts, and itemized receipts for meal purchases required to document expenses relating to attendance at out-of town conferences, classes, or conventions? Itemized receipts are required to be maintained.

Establish What Documentation is Required to Approve Payment

Does the policy require that mileage expenses be supported by a log that lists the beginning and ending mileage for each day, the destination, and the purpose of each trip? **This level of record keeping is required for mileage expenses.**

Establish What Documentation is Required to Approve Payment

- The travel expense claim made by the union official should refer to the specific union business or purpose of the expense. The authorization for reimbursement should be in writing, such as in the minutes of the meeting where it was granted.
- Some unions require that a standard travel expense form be completed when an official claims expenses. OLMS does not require that a form be used. However, a form has the advantage of providing the Reimbursed Travel Expense Payments information the union needs to review and approve a claim in accordance with its reimbursed travel expense policy.

Establish Procedures for Approving Travel Expense Reimbursements

In order for the travel expense to be eligible for reimbursement, it should be for union business and authorized in accordance with the union's constitution and bylaws. Once an official has submitted a request for reimbursement, how is it approved? Must the claim be approved by a vote of the executive board and/or membership? However travel expense claims are approved, the process should be specified in the union's constitution and bylaws and/or **expense policy**.

Establish Procedures for Approving Travel Expense Reimbursements

It is important that the union consistently follow its policy for reimbursement of expenses. If the policy requires approval of individual expense claims by the membership, there should be a motion and vote recorded in the meeting minutes.

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Report Expense Reimbursements on LM Forms

Report Expense Reimbursements on Form LM-2, LM-3, or LM-4 All disbursements made during the union's fiscal year, including reimbursed travel expense payments, must be reported on the Labor Organization Annual Report Form LM-2, LM-3, or LM-4 the union files with OLMS. Carefully read the instructions for the appropriate form before filling out the report.