

U.S. Department of Labor

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July 1, 2009

Ms. Sharon Anderson, Financial Secretary / Treasurer
Transit Union, AFL-CIO Local 627
906 Main Street, Suite 314
Cincinnati, OH 45202

LM File Number: 526-829
Case Number: [REDACTED]

Dear Ms. Anderson:

This office has recently completed an audit of Transit Union Local 627 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with President Mark Bennett on June 29, 2009, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 627's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 627 did not always retain adequate documentation for reimbursed expenses and credit card charges incurred by union officers. For example, between January 1, 2008 and March 21, 2008, Local 627 had \$6,023.03 in credit card charges, but I was only able to find supporting documentation for \$1,900.75 (32%) of those charges.

Although it appears that the union maintained adequate documentation for reimbursed expenses, records were not maintained in such a way that they would provide in sufficient detail the necessary information from which reports filed with the Secretary may be verified, clarified, or checked for accuracy and completeness. I was unable to trace reimbursement checks back to a corresponding voucher, and I was unable to trace all of the expenses listed in reimbursement vouchers back to an original source document (i.e., transaction receipts). The union's Expense Reimbursement Vouchers combine credit charges, cash transactions, and mileage expenses for both officers, so it is impossible to determine for what expenses each officer was being reimbursed.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Record Receipts

Local 627 did not properly record in its receipts records some employer dues check-off checks. For example, while the union recorded the check-off amount for some dues payments, other payments were recorded only as part of a combined deposit amount. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Receipt Dates Not Recorded

Entries in Local 627's receipts records reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the Form LM-2 Labor Organization Annual Report. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 627 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit also disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by Local 627 for its fiscal year ending December 31, 2008 was deficient in the following areas:

1. Disbursements to Officers

Local 627 did not include some reimbursements to officers totaling at least \$4,687.38 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 627 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 627 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 627 file an amended LM report for 2008 to correct the deficient items mentioned above, but Local 627 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 627's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Transit Union Local 627 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mark Bennett, President