

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
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San Francisco, CA 94105
(415) 848-6567 / FAX: (415) 848-6559



April 7, 2005

Damon Batty, Treasurer
Transportation Union, Local 1252

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Re: 2

Dear Mr. Batty:

This office has recently completed an audit of 2003 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, as Amended (LMRDA). As discussed during the exit interview with you and President McRoberts on March 30, 2005, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The CAP disclosed the following record keeping deficiencies were revealed during the audit of Local 1252's 2003 records:

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

As agreed, provided that Local 1252 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 1252 for fiscal year ending December 31, 2003 was deficient in the following area:

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During the audit, I advised you that authorization of the salary amounts paid to union officers could not be found in union records. I suggest that Local 1252 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document. When the authorized salaries have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

During the audit, you advised that President McRoberts signs blank checks in advance. Your union requires that all checks be signed by the president and treasurer. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. You may want to revise your check disbursement method.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Ms. McRoberts' successors at whatever time you may leave office.

I want to thank you and Ms. McRoberts for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

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Investigator