

**U.S. Department of Labor**

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June 20, 2008

Mr. Donnie Taylor, Secretary-Treasurer  
Brotherhood of Locomotive Engineers  
Division 143  
3425 Maryland Road  
Culpeper, Virginia 22701-8534

LM File Number 540-212  
Case Number: [REDACTED]

Dear Mr. Taylor:

This office has recently completed an audit of BLET Division 143 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 you on June 19, 2008, 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.

Record Keeping 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 Division 143's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Division 143 did not retain adequate documentation for reimbursed expenses incurred by officers. For example, ballot envelopes were purchased for the union election and a receipt was not maintained.

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. Reimbursed Auto Expenses

A local officer who received reimbursement for the business use of his personal vehicle did not retain adequate documentation for the reimbursement. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Division 143 did not retain adequate documentation for lost wage reimbursement payments to union officers. The union must maintain records in support of lost wage claims that 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. The OLMS audit found that Division 143 did not maintain any of this information.

During the exit interview, I provided a sample of an expense voucher Division 143 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

#### 4. Failure to Retain Records

Division 143 did not maintain adequate documentation for some union expenses and union records did not include sufficient explanations. For example, the union bought each member a jacket, but only maintained the invoice to purchase the jackets. The union must record in at least one record the names of the members it gave the jackets to, and maintain any order forms the union received from members for the purchase of jackets.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers, as well as information in the union's records describing the purpose of the disbursement if it is not sufficiently described on the receipts, bills or vouchers, for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Division 143 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 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-3, filed by Division 143 for fiscal year ending December 31, 2007, was deficient in the following areas:

##### 1. Disbursements to Officers

Division 143 did not include some reimbursements to officers for disbursements for official business in the correct column (Allowances and Other Disbursements) of Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Gross Salary in Item 24.

The union must report most direct disbursements to Division 143 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Division 143 file an amended LM report for 2007 to correct the deficient items, but Division 143 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### 1. Signatures on Checks

Division 143's Constitution and Bylaws require two signatures on all union checks. The audit revealed that all of the union checks only contained one signature. The countersignature requirement is an effective internal control of union funds. I strongly recommend that Division 143 make sure that all future checks contain two signatures.

##### 2. Union Book Balance

The audit revealed that the union's book balance is significantly different than the actual balance per the bank statements. The union advised that the book balance has been incorrect for several years. I strongly recommend that Division 143 adjust its book balance to reflect the actual balance.

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I want to extend my personal appreciation to BLET Division 143 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: Gail Harper, President