

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
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February 1, 2008

Mr. Ron Wellman, Treasurer
Maintenance of Way Employees Sub-Lodge 1464
645 Cottonwood Road
Louisia, KY 41230-8052

LM File Number: 001-408
Case Number: [REDACTED]

Dear Mr. Wellman:

This office has recently completed an audit of Maintenance of Way Employees Sub-Lodge 1464 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 Investigator [REDACTED] discussed during the exit interview with you on January 25, 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.

Recordkeeping Violation

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 audit of Maintenance of Way Employees Sub-Lodge 1464 revealed the following recordkeeping violation:

Failure to Maintain Supporting Documentation for Disbursements

Sub-Lodge 1464 did not maintain adequate documentation for its disbursements when it failed to maintain a bill or invoice or similar record for checks [REDACTED], and [REDACTED], each for \$40.00, payable to [REDACTED]; checks [REDACTED], each for \$55.00, payable to Independent Order of the Odd Fellows Local 270; and check [REDACTED] for \$29, payable to [REDACTED].

As 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.

Based on your assurance that Sub-Lodge 1464 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Inventory of Fixed Assets

Sub-Lodge 1464 did not maintain an inventory of its fixed assets during the 2007 audit year. An inventory should be kept to verify, support, and clarify the amounts reported in Item 29 of the LM report. The union must report details of all fixed assets, such as land, buildings, automobiles, office furniture and equipment owned by your organization at the end of the reporting period. This includes assets that were expensed, fully depreciated, or carried on your organization's books at scrap value.

The inventory kept by the union should record a detailed description of what was purchased, the date of the purchase, the amount of the purchase and the depreciated value. The report should be kept with the union records.

2. Signatories on Accounts

Investigator [REDACTED] found that your union requires the signature of only one officer on union checks. We recommend that Sub-Lodge 1464 improve its internal financial control procedures by ensuring that a second officer co-signs all union checks. Therefore, the president should also be listed on the bank signature cards for each of the union's accounts along with the treasurer.

I want to extend my personal appreciation to Maintenance of Way Employees Sub-Lodge 1464 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,

Lesta A. Chandler
District Director

Mr. Ron Wellman
February 1, 2008
Page 4 of 4