

U.S. Department of Labor

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October 26, 2009

Mr. Donald Wood, Secretary-Treasurer
United Transportation Union, Local 202
4324 Tumbleweed Drive
Brighton, Colorado 80601-4518

LM File Number: 017-843
Case Number: [REDACTED]

Dear Mr. Wood:

This office has recently completed an audit of Transportation Union, Local 202 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 and Mr. Carl Smith on October 23, 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 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 labor organization must also retain bank records for all accounts.

The audit of Local 202's 2008 records revealed the following recordkeeping violation:

Meal Expenses

Local 202 did not require officers to submit itemized receipts for meal expenses totaling at least \$550. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 202 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, one meal expense of \$550 included no record of the names and titles of persons in attendance or the union business being conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 202 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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-2) filed by Local 202 for fiscal year ending December 31, 2008, was deficient in the following area:

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 202 amended its constitution and bylaws in 1998, but did not file a copy with its LM report for that year.

Local 202 has now filed a copy of its constitution and bylaws.

Other Issue

Use of Signature Stamp

During the audit, Donald Wood and Carl Smith advised that it is Local 202's practice for Wood to sign all union checks and to stamp the signature of President Carl Smith on union checks. Wood and Smith indicated that no one but Wood reviews the checks before they are issued. Article VI, Section 2 of Local 202's bylaws requires that checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 202 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Transportation Union, Local 202 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: Mr. Carl Smith, President