

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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December 13, 2005

Ms. Gwendolyn Harris
Transit Union Local 788
1611 South Broadway, Room 104
St. Louis, Missouri 63104

Dear Ms. Harris:

This office has recently completed an audit of Transit Union Local 788 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 Charles Stewart on December 6, 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.

The CAP disclosed a violation of LMRDA Section 201(b) in that the LM-2 report filed by Local 788 for fiscal year ending December 31, 2004, was deficient in the following areas:

First, you did not accurately report the amount of interest earned on investments during the fiscal year. You reported investment income of \$6,193, but the audit revealed that the local earned \$4,569. You should properly report this on all future reports.

You also included two disbursements for "Insurance" in the amount of \$6,648 each on Schedule 13 (Office & Administrative Expense) of your LM-2 report. The audit revealed that this disbursement was made only once during the fiscal year. Thus, your disbursements figure was overstated.

Your local's LM-2 report also failed to report reimbursements to officers in Schedule 9 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Schedules 13 (Office and Administrative Expenses) and Schedule 15 (Other Expenses). Specifically, direct disbursements to officers for reimbursement of expenses incurred while conducting union business should be reported in Column F of Schedule 9 (Disbursements for Official Business). For example, all money paid to officers for per diem and/or mileage while traveling on union business should be reported in Column F of Schedule 9. In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedule 9.

Disbursements for the operation and maintenance of the union's leased automobile were not properly reported for the fiscal year. The LM-2 instructions stated that direct and indirect disbursements for the operation and maintenance of union leased vehicles must be reported in Schedule 9 next to the name of the officers who used the vehicle (in your case, Herbert Dill). The expenses may be divided and reported in Columns F and G based on mileage (subject to

mileage logs) driven on union business compared with mileage for personal use. Alternatively, rather than allocating the expenses between Columns F and G, if 50% or more of an officer's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer in Column F of Schedule 9 with an explanation in Item 75 (Additional Information) that the vehicle was used part of the time for personal business. Since your local's President, Herbert Dill, drive the vehicle leased by the union, all expenses related to that vehicle (including lease payments, gasoline, and maintenance) should be reported next to his name on Schedule 9. If over 50% of his vehicle use is for union business, as you stated in the exit interview, all expenses should be reported on the schedule in Column F.

Additionally, receipts of \$10,188 were improperly reported on Schedule 14 as "Miscellaneous." The LM-2 instructions for Schedule 14 state that receipts reported on this schedule "must be described in Column (A) and may be classified by general groupings or bookkeeping categories if the descriptions are sufficient to identify their source." The directions specify that "Miscellaneous" should not be used to describe any of these receipts since it does not sufficiently describe the source or purpose for the receipt.

An amended LM-2 report for 2004 to correct the deficient items is not being requested, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

Lastly, Section 206 of the LMRDA also establishes certain record keeping requirements. Adequate records must 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.

The following record keeping violations were revealed during the audit of Local 788's 2004 records:

You failed to retain adequate documentation in support of all disbursements to the local's credit card company (US Bank). The local must retain invoices or other forms of back-up documentation detailing credit card charges even if they have been approved and/or reviewed by the membership. For example, a charge for \$132.71 at Shur-Save was not supported by an invoice. You explained that this charge was for refreshments for your local's Labor Day picnic, but you did not have back-up documentation to detail the purchase and confirm its purpose. A receipt or invoice should be retained for every credit card expense or other union purchase.

Additionally, union officers failed to retain adequate documentation for expenses charged to union credit cards. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names and restaurants) where meal expenses were incurred must also be recorded. For example, invoices for meal charges to Dill's union credit card often did not include the names of those present and the purpose of the meal. All hotel invoices charged to the union's credit card should also list who stayed in the room and incurred charges to the union.

As agreed, your local should maintain adequate documentation for all disbursements in the future, and records should be maintained for at least five years as required by the LMRDA.

In closing, I want to thank you 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,

Dennis L. Eckert
District Director

B,
Investigator

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