



February 14, 2013

Ms. Nanette Ruffin, President
Amalgamated Transit Union, AFL-CIO
Local Division 859
P.O. Box 391
Decatur, IL 62525

Case Number: 310-23526 [REDACTED]
LM Number: 003-985

Dear Ms. Ruffin:

This office has recently completed an audit of Amalgamated Transit Union Local Division 859 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 Financial Secretary-Treasurer Marla Henington on February 5, 2013, 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 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 Local Division 859's 2011 records revealed the following recordkeeping violations:

1. Supporting Documentation for Disbursements

Local Division 859 did not retain adequate documentation to support the union business nature of 14 disbursements totaling \$1,721.82. For example, the local division did not retain adequate documentation relating to a \$140 disbursement to the Decatur Public Library.

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.

2. Meal Expenses

Local Division 859 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,402.76. 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 Division 859 records of meal expenses did not always include the names and titles of the persons incurring the restaurant charges. For example, you were reimbursed \$189.45 for a meal purchased on April 26, 2011 at Fuji Japanese Restaurant in Decatur, IL; however, there was no record of who attended the dinner. 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 Division 859 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 Local Division 859 for the fiscal year ended December 31, 2011 was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local Division 859's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local Division 859 under-reported its starting cash balance in Item 25(A) by \$111. Per the 2011 LM-3 Report, the union had a starting cash balance of \$15,563; however, the union's book records reflected a starting cash balance of \$15,674.

Local Division 859 over-reported its end cash balance in Item 25(B) by \$529. Per the 2011 LM-3 Report, the union had an end cash balance of \$12,174; however, the union's book records reflect an end cash balance of \$11,645.

2. Item 24 - Disbursements to Officers

Local Division 859 did not include some direct reimbursements to officers totaling at least \$1,731 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears that the union erroneously reported these items in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local Division 859 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).

3. Item 47 – Per Capita Tax

Local Division 859 under-reported its disbursements attributed to per capita tax in Item 47 (Per Capita Tax) by \$718. Per the 2011 LM-3 Report, the union disbursed \$8,874 in per capita tax; however, the union's records reflect a total of \$9,592 in per capita disbursements in 2011.

4. Item 48 – Office and Administrative Expenses

Local Division 859 failed to report \$2,638 in disbursements in Item 48 (Office and Administrative Expenses). For example, Local Division 859 disbursed at least \$494 to Verizon Wireless for wireless internet service.

5. 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 and bylaws. Local Division 859 amended its bylaws in 2009, but did not file a copy with its LM report for that year. Local Division 859 has now filed a copy of its bylaws.

Local Division 859 must file an amended Form LM-3 for the fiscal year ended December 31, 2011, to correct the deficient items discussed above. I encourage Local Division 859 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.dol.gov/olms. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically or submitted to this office at the above address by no later than Friday, March 1st. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Amalgamated Transit Union, AFL-CIO 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,

A solid black rectangular box used to redact the signature of the sender.

Senior Investigator