



July 17, 2013

Mr. Thomas Hein, Treasurer
UTU Local 1190

Case Number: 350-02404 [REDACTED]
LM Number: 012087

Dear Mr. Hein:

This office has recently completed an audit of UTU Local 1190 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 President Robert Munch on July 16, 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 1190's 2012 records revealed the following recordkeeping violations:

1. Lost Wages

Local 1190 did not retain adequate documentation for 8 lost wage reimbursement payments to you and President Munch. 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 Local 1190 did not identify the number of hours lost, the rate of pay, and did not always provide a description of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1190 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.

2. Lack of Salary Authorization

Local 1190 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amount and therefore correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1190 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 1190 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Disbursements to Officers

Local 1190 did not include some reimbursements to officers totaling at least \$267.25 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 1190 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).

2. 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 1190 amended its constitution and bylaws in 1995, but did not file a copy with its LM report for that year.

Local 1190 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1190 file an amended LM report for 2012 to correct the deficient items, but Local 1190 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Duplicate Expense Claim

The audit revealed that you claimed the same expense of \$66.94 for printer ink on consecutive bills of allowance claims. You indicated this was a mistake and agreed to reimburse the union for the duplicate expense. Local 1190 has agreed to be more careful in the future.

2. Bank Account Signatories

The audit also revealed that Local 1190's past president is listed as a signatory on the union's bank account. OLMS recommends that Local 1190 arrange with the bank to have him removed as a safeguard for the union.

I want to extend my personal appreciation to UTU Local 1190 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. Robert Munch, President