

U.S. Department of Labor

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May 14, 2009

Mr. Larry Stradtner, Financial Secretary-Treasurer
United Transportation Union, IND
Local 1526
413 Trail Street
Trail Creek, IN 46360-7209

LM File Number 027-562

Case Number: [REDACTED]

Dear Mr. Stradtner:

This office has recently completed an audit of UTU Local 1526 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 [REDACTED] on April 29, 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.

The CAP disclosed the following violations:

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 1526's 2008 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1526 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$264.95. 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 1526 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, Local Committee of Adjustment (LCA) members failed to submit itemized receipts for food and alcohol consumed at bars during their attendance at a conference in Nashville, TN totaling \$264.95. The itemized receipts were provided by the vendor, but not retained or submitted by the LCA members in attendance. Although, the Local's current policy on expenses, which include travel expenses, states that "all reasonable expenses" will be authorized this same policy requires such expenses to be submitted to the general membership for approval during a membership meeting. It is not possible for the membership to make an accurate assessment of the reasonableness of such transactions without the itemized receipts which were not submitted

The audit found numerous instances contained in the Local's 2008 records of meal expenses that listed explanations of union business conducted as well as the names and titles of the persons incurring the restaurant charges. In these same instances, itemized receipts were submitted and included as part of the supporting documentation for the disbursement. 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.

2. Lost Wages

The audit found at least 25 instances when Local 1526 did not retain adequate documentation for lost wage reimbursement payments to [REDACTED]. 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 1526, retained vouchers, documenting dates and times but failed to adequately address the applicable rates of pay of the officers and employees incurring lost time.

A voucher from a member of the Local Committee of Adjustment failed to provide a description of the union business conducted. The voucher in question described the nature of the union business conducted as only "union business" and included the wrong dates that the lost time was incurred.

During the exit interview, I provided a sample of an expense voucher Local 1526 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.

3. Disposition of Property

Local 1526 did not maintain an inventory of property it purchased, sold, or gave away. The Local owns a filing cabinet and two computers as well as other office equipment but failed to list these items on an inventory list or to properly report these items on Item 30 (Other Assets) of the LM-3. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local 1526 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(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. Although Local 1526 has amended its constitution and bylaws several times over the previous years, it has failed to file a copy

any amendments along with their LM reports for those years. Local 1526 has now filed a copy of its constitution and bylaws.

OLMS is not requiring that Local 1526 file an amended LM report for 2008 to correct the deficient items, but Local 1526 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

4. Expense Policy

As I discussed during the exit interview, the audit revealed that Local 1526 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

5. Travel Expenses for Spouse

The Local's stated policy is that non-members, wives or significant others may not incur travel expenses and that such expenses would not be approved for reimbursement. The audit found one instance during the audit period where expenses for a spouse were submitted and reimbursed by the Local. Union records show that [REDACTED] submitted a total of \$176.65 in additional charges above those of his personal travel expenses. During the exit interview, Mr. [REDACTED] stated this reimbursement was an error and that he would repay the Local for the overcharge.

I want to extend my personal appreciation to UTU Local 1526 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,

[REDACTED]

Investigator

cc: John D. Higginbotham, President Local 1526