

**U.S. Department of Labor**

Employment Standards Administration  
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August 17, 2009

Mr. Thomas Fitzgerald, Secretary-Treasurer  
United Transportation Union  
Local 1823  
4444 Ashford Court  
St. Louis, MO 63129-2505

LM File Number 027-611  
Case Number: [REDACTED]

Dear Mr. Fitzgerald:

This office has recently completed an audit of United Transportation Union Local 1823 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 Bookkeeper Theresa Fitzgerald on July 24, 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 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 1823's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1823 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$200. For example, the local did not have in their records back-up documentation for a reimbursement made to Local Chairman Raymond Birch totaling \$119.02.

As previously 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. Hall Rental Payments

Local 1823 failed to retain back-up documentation to support rent payments to 788 Redevelopment for hall rental totaling \$250.00 for the fiscal year. Labor organizations are required to maintain back-up documentation to support all union purchases.

3. Lack of Salary Authorization

Local 1823 did not maintain records to verify that the salary reported for Bookkeeper Theresa Fitzgerald was the authorized amount and therefore was 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 1823 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### 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-3 filed by Local 1823 for fiscal year ending December 31, 2008, was deficient in that:

#### Disbursements to Local Chairman

Local 1823 did not include some reimbursements to the Local Chairman as instructed in the Form LM-3 instructions. It appears the union erroneously reported these payments in Item 48.

Form LM-3 instructions require the labor organization to report in Item 56 the name and position of each employee receiving more than \$10,000 in gross salaries, allowances, and direct and indirect disbursements during the reporting period. The total disbursements made to each employee or on the employee's behalf by the labor organization, including all salary and allowances (before any deductions) and other disbursements (including reimbursed expenses) should also be reported in Item 56.

The union must report most direct disbursements to Local 1823 employees earning more than \$10,000 and some indirect disbursements made on behalf of its employees in Item 56. A "direct disbursement" to an employee is a payment made to an employee in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an employee 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 employee traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 1823 file an amended LM report for 2008 to correct the deficient item, but Local 1823 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issue

Unauthorized Signatory on Checks

During the audit, you and Bookkeeper Theresa Fitzgerald advised it is Local 1823's practice for Bookkeeper Theresa Fitzgerald to sign union checks on your behalf. You further stated the approved signatories on union checks are you and President Jack Hansel. In order to improve internal control of union funds, only authorized signatories should sign union checks. If Local 1823 wishes to add a signatory to the bank account, this should be properly approved and documented in the meeting minutes or another union record. OLMS recommends that Local 1823 review the check signing procedures and policy to improve internal control of union funds.

I want to extend my personal appreciation to United Transportation Union Local 1823 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