

U.S. Department of Labor

Office of Labor-Management Standards
Chicago District Office
Federal Office Building
230 South Dearborn Street, Suite 774
Chicago, IL 60604
(312) 596-7160 Fax: (312) 596-7174



July 2, 2013

Mr. Norman Kitchen, President
United Transportation Union Local 258
3272 270th Street
DeWitt, IA 52472

Case Number:
310-23529 [REDACTED]
LM Number: 040172

Dear Mr. Kitchen:

This office has recently completed an audit of United Transportation Union Local 258 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], former President and Secretary/Treasurer and [REDACTED], former Secretary/Treasurer on June 19, 2013 and you on June 25, 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 258's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 258 did not retain adequate documentation for reimbursed expenses incurred by ██████████ totaling at least \$1,200.00. For example, ██████████ did not provide cell phone billing statements for reimbursable telephone charges paid to him.

Not all "Receipt of Wage & Expense Payment" forms have a "Bill of Allowance" attached. ██████████ did not attach a Bill of Allowance to the Receipt of Wage & Expense Payment forms for the following payments: January 28, 2011, March 1, 2011, July 29, 2011 and December 15, 2011. There is no Receipt of Wage & Expense Payment form, receipts, or Bill of Allowance for check # ██████████ dated August 9, 2012, payable to ██████████ in the amount of \$756.02.

2. Meal Expenses

Local 258 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, General Chairman David McFarland did not fully document his meal receipt dated January 24, 2011, in the amount of \$166.01; meal receipt dated September 19, 2011, in the amount of \$83.25; meal receipts for October 26, 2011 – October 31, 2011; and November 29, 2011, (hotel and meals) in the amount of \$288.09, totaling not less than \$550.65; and Howard Emery did not fully document his meal receipts dated January 20, 2011, in the amount of \$224.26; October 26, 2011, in the amount of \$179.36, totaling not less than \$403.62. 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.

3. Lack of Salary Authorization

Local 258 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 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.

4. The Local did not maintain minutes of the Local's monthly membership meetings. There were minutes provided for only two of the monthly membership meetings; specifically, January 20, 2011, and October 26, 2011. The minutes do not document that Bills of Allowance were approved by the membership during these two meetings. There is no way to verify if the lost time payments for attendance at

membership meetings are proper, if there are no minutes. Likewise, there is no way to verify that members approved the bills if there are no minutes available to review.

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.

Based on my assurance that Local 258 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 LM-3 filed by Local 258 for the fiscal year ended December 31, 2011, was deficient in that the Local did not include some payments to members (employees) for lost time, totaling at least \$2,352.00, were not reported in Item 46.

I am not requiring that Local 258 file an amended LM report for 2011 to correct the deficient items, but Local 258 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

Officer Salary, Lost Time and Expense Policy

As we discussed during the exit interview with you, the audit revealed that Local 258 does not have a clear policy regarding establishing procedures for authorizing and documenting officer salary, lost time and reimbursed expense payments. OLMS suggests that unions adopt detailed, written guidelines concerning officer salary, lost time and reimbursed expenses. The OLMS Compliance Tips provided to you during the exit interview will help the union frame policies that ensure compliance with the LMRDA and safeguard union assets. You indicated the Local will draft a constitution and bylaws to provide for specific policies regarding officer salary, lost time and reimbursed expense payments to be authorized by the governing body and agreed to by the membership. If the Local's constitution and bylaws are completed in 2013, a copy of the constitution and bylaws must be submitted with the LM-3 for fiscal year ending December 31, 2013; however, please forward a copy of the changes to this office as soon as the local adopts them to ensure the bylaws comply with the LMRDA.

Mr. Norman Kitchen

July 2, 2013

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I want to extend my personal appreciation to United Transportation Union Local 258 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