

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
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July 7, 2011

Mr. Scott R. Shuman, Treasurer
United Transportation Union Local 386
[REDACTED]
Shillington, PA 19607-2517
Case Number: [REDACTED]
LM Number: 027986

Dear Mr. Shuman:

This office has recently completed an audit of United Transportation Union Local 386 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 on July 6, 2011, the following problems were disclosed during the CAP. There may be other possible problem areas since the audit conducted was limited in scope.

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 386 for fiscal year ending December 31, 2010 was delinquent in that it was not filed within the 90 days after the end of your organization's fiscal year.

You were advised of this violation during the exit interview. You assured me that Local 386 will file its future annual financial reports Form LM-3 within the 90 days after the end of its fiscal year.

Scott R. Shuman
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Other Issue

During the audit, you advised that Michael Schaeffer signs blank checks. Your union's policy and past practice require that all checks be signed by the president and the treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a complete document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 386 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to United Transportation Union Local 386 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. Michael Schaeffer, President