

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 21, 2009

Mr. Clint Compton, President
UTU Local 581
2477 Hazelwood Lane
Green Bay, WI 54304

LM File Number: 542-135
Case Number: [REDACTED]

Dear Mr. Compton:

This office has recently completed an audit of Local 581 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 Financial Secretary Dave Goodson on August 6, 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 581's 2008 records revealed the following recordkeeping violations:

1. Receipts Records

Local 581 did not retain adequate records to explain the purpose of approximately \$3,788 worth of entries in the Cash Receipts Control Ledger. While the entries identified the individuals making dues payments and the amount of the dues, the entries and other records provided for review during the audit did not identify which month's dues were being paid. As stated above, the date, amount, purpose, and source of receipts must be maintained.

2. Officer Expenses

Local 581 did not retain adequate records to explain a total of \$1,215 in telephone expenses reimbursed to the former treasurer, Patrick Benson, and Local Chairman Eric Larson. Mr. Larson's supporting documentation failed to include the total pages of the invoices he claimed for reimbursement, and Mr. Benson's supporting documentation was either absent or consisted of select pages from monthly invoices that did not identify the amount he claimed on the voucher. In addition, Mr. Benson claimed a total of \$174.80 in the category of "other" expenses on his vouchers for which no supporting documentation could be found.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) who are required to sign the Local 581 LM report are responsible for properly maintaining union records.

3. Lost Time

Local 581 did not retain adequate documentation for lost time payments made to Local Chairman Eric Larson corresponding to 46 dates and totaling \$15,180 in 2008. The vouchers submitted by Mr. Larson identified the lost time payments as being for "local chairman work" and "investigative appeals" – reasons that were too general and do not adequately identify the particular union business performed (e.g., the particular work or particular appeal).

In addition, the audit included a comparison of the lost time dates Mr. Larson claimed on his vouchers against Wisconsin Central payroll records. Local 581 bylaws authorize the payment of a "basic day's pay" when union officials "lay off" from work. The comparison showed that Mr. Larson claimed he lost work time on four dates for which payroll records are coded as his unscheduled work days and one date for which payroll records show that he worked and was paid by Wisconsin Central. However, there were at least five other dates during the audit year where he claimed union leave from Wisconsin Central but did not claim lost time from the union. It is therefore unclear when his "basic day's pay" was actually "lost" from Wisconsin Central relative to the five dates claimed on his union vouchers.

The union must maintain records in support of lost time payments that accurately identify each date actual wages were lost, the number of hours lost on each date, the applicable rate of pay, and a description of the particular union business conducted.

4. Reimbursed Auto Expenses

Mileage expenses totaling at least \$1,328 in 2008 were reimbursed to Local Chairman Eric Larson for business use of his personal vehicle, but adequate documentation was not maintained. Mr. Larson's vouchers contain the general reasons of "local chairman work" and "investigative appeals," which do not adequately identify the particular union business performed (e.g., the particular work or particular appeal) that required the mileage reimbursements.

Local 581 must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the particular business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 581 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 labor organizations to adopt a constitution and bylaws and file them, along with an LM-1 Labor Organization Information Report, with the Secretary of Labor. OLMS records show that Local 581 filed an LM-1 report in September 2001 but it is deficient because the requisite governing documents were not filed along with the LM-1 and Item 18 of the LM-1, a question regarding various practices and procedures, was not completed. During the audit, an undated three item "bylaws" was provided, but Mr. Goodson did not know how old they were or whether they had been approved by the UTU International Union.

When I spoke with you on July 7, 2009, you stated that Local 581 had recently updated its bylaws and was in the process of seeking the approval of the International Union. Mr. Goodson stated during the August 6 interview that he anticipated that the bylaws would be approved shortly. Local 581 must file an amended LM-1 to correct the deficient Item 18, and with the approved bylaws, no later than September 30, 2009. I provided Mr. Goodson with a blank LM-1 form and instructions. The amended report should be submitted to this office at the address above. The LM-1 is required to be signed by the president and secretary, or corresponding principal officers. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Expense Policy

As I discussed during the exit interview, the audit revealed that Local 581 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.

2. Signing Blank Checks

During the initial interview on April 30, 2009, OLMS was advised that you sign blank checks. The UTU Constitution, in Article 64 on the duties of the local treasurer, states that all disbursements issued by check must be countersigned by the president of the local. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed

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 581 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 581 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 Mr. Goodson are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Dave Goodson, S/T