



May 29, 2013

Mr. Michael Hogan, Secretary Treasurer  
Teamsters Local 170  
P.O. Box 70634  
330 Southwest Cutoff  
Worcester, MA 01607-0634

Case Number: 110-17582( )  
LM Number: 019-903

Dear Mr. Hogan:

This office has recently completed an audit of Teamsters Local 170 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 May 23, 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 Teamsters Local 170's 2011 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 170's 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. Local 170 had disbursements for food/meals totaling approximately \$2,157.32 for which the receipts were not documented with the names of members participating in the meal or the union purpose for the expense. Union records of meal expenses must include written explanation 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

Local 170 did not retain adequate documentation for lost wage reimbursement payments to union officers/members in at least five instances. 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 while Local 170 did retain union vouchers in the five cases, the vouchers did not list the date lost wages were incurred or the union purpose for the lost time.

Based on your assurance that Teamsters Local 170 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-2 filed by Teamsters Local 170 for fiscal year ending December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 170 did not include some reimbursements to officers and employees/payments to officers and employees totaling at least \$988.24 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business.

## 2. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets and watches totaling \$2,720.34 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

## 3. Automobile Expenses

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

Local 170 chose to allocate all union owned automobile expenses in Column F of Schedules 11 and 12, but failed to document in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business.

I am not requiring that Teamsters Local 170 file an amended report for 2011 to correct the deficient items, but Local 170 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Teamsters Local 170 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. John Reardon, President