U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Birmingham Resident Investigative Office
950 22nd Street North
Room 601
Birmingham, AL 35203
(205)731-0239 Fax: (205)731-0305

July 10, 2007

Mr Jon L. Slayton
Locomotive Engineers, IBT
Div 156
Birmingham, AL 35244

LM File Number 016-086
Case Number: [redacted]

Dear Mr Slayton:

This office has recently completed an audit of Locomotive Engineers, Div 156 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 Dennis Mike Burns on June 26, 2007, 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. The CAP disclosed the following:

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 Division 156's 2006 records revealed the following recordkeeping violations:

No fixed asset list or inventory could be located for the audit year or the previous year (2005). The union has a Dell Laptop Model D520 computer. The current president assumed office in January 2007 and could not explain why a fixed asset was not available. The Secretary-Treasurer said he had not seen a fixed asset list or inventory sheet in the union files for several years. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Div 156's LM report. As a general rule, all records used or received in the course of union business must be retained for five years. Div 156 agreed to maintain a fixed asset list in the future and to keep it current.

Based on your assurance that Div 156 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 (Form LM-3 filed by Div 156 for fiscal year ending December 31, 2006, was deficient in the following areas:

Line 29A of the 2006 LM-3 shows $0.00 as beginning balance for fixed assets and line 29B shows $0.00 as end of reporting period investment. This amount is incorrect since the union had fixed assets, specifically a Dell Laptop Model D520 computer. The union was unaware of the requirement to have a fixed asset list and the value of items, thus lines 29A and 29B were listed as $0.00. Div 156 advised this mistake would not occur again since they received proper training during the Compliance Audit.

I am not requiring that Div 156 file an amended LM report for 2006 to correct the deficient items, but as agreed, Div 156 will properly report the deficient items on all future reports it files with OLMS.

Other Issues

During the audit, you advised that Past President [redacted] and current President Jon Slayton signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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 Division 156 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Div 156 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,

[redacted]
Investigator

cc: Dennis M. Burns, Secretary-Treasurer