

**U.S. Department of Labor**

Employment Standards Administration  
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March 10, 2008

Mr. Steven Brewster, Financial Secretary  
Transportation Communications Union AFL-CIO  
Local 6762  
2641 South 53rd Street  
Kansas City, KS 66106

LM File Number 011-708  
Case Number: [REDACTED]

Dear Mr. Brewster:

This office has recently completed an audit of TCU Local 6762 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 March 7, 2008, 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 6762's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 6762 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,225. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 6762 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, Check Number [REDACTED] in the amount of \$980.46 did not include the names and titles of the persons in attendance or the union business conducted during the meal. 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.

2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. The union 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 business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Failure to Record Receipts

Local 6762 did not record in its receipts record receipts issued for picnic door prizes. For example, a check was written to cash in the amount of \$500. The audit revealed that this cash was broken into smaller denominations for use as door prizes. However, receipts were not issued for the recipients of those prizes. These receipts are necessary to determine if the door prizes were issued to the individuals in question. A list of recipients should also be kept to verify such transactions.

Based on your assurance that Local 6762 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issues

##### 1. Duplicate Receipts

Some members of Local 6762 pay dues directly to the union. Dues are recorded in the union's receipts journal, but receipts are not issued to dues payers. OLMS recommends that Local 6762 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

##### 2. One Signature on Checks

During the audit, it was found that Local 6762 requires only one signature when signing checks. OLMS recommends that the union require two signatures to more adequately safeguard union funds.

I want to extend my personal appreciation to TCU Local 6762 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,

Mr. Steven Brewster  
March 10, 2008  
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Investigator

cc: Harold W. Moore, President