

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Philadelphia District Office  
170 S. Independence Mall West  
Room 760  
Philadelphia, PA 19106  
(215)861-4818 Fax: (215)861-4819



June 15, 2009

Mr. Joseph Coccio, Secretary-Treasurer  
Transport Workers AFL-CIO  
Local 234  
500 N. 2nd Street  
Philadelphia, PA 19123

LM File Number 049-005  
Case Number: [REDACTED]

Dear Mr. Coccio:

This office has recently completed an audit of Transport Workers Local 234 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 Bruce Gold, CPA and you on June 11, 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 234's 2008 records revealed the following recordkeeping violations:

1. Failure to Maintain Supporting Documentation for Disbursements

Although Local 234 maintained the vast majority of supporting documentation for disbursements issued by check and credit card, Local 234 did not retain adequate documentation for every credit card expenses incurred by former President Jeff Brooks and President Willie Brown. For example, the local did not maintain a receipt for the purchase flowers totaling \$91.97 and for parking totaling \$28.50.

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

2. Lack of Salary Authorization

Local 234 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 were authorized to officers and employees for the appropriate amounts. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

During monthly Executive Board meetings, salaries of officers and employees are approved by the Executive Board, however, the union did not maintain a document that entitles full time union officers and staff to wages increases commensurate with the wage increases negotiated by the union on behalf of

SEPTA. During the exit interview, Local 234 provided OLMS with Executive Board meeting minutes dated May 29, 2009 indicating the approval of the above mentioned annual wage increases.

Based on your assurance that Local 234 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### 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 within 90 days after the end of your labor organization's fiscal year (12-month reporting period).

Local 234's LM-2 report for fiscal year ending October 31, 2008 was due on January 31, 2009. During the course of this audit, Local 234 filed Form LM-2 on May 19, 2009. Local 234 has agreed to submit future reports it files with OLMS within 90 days subsequent to the end of the local's fiscal year.

#### Other Violation

The audit disclosed the following other violation:

##### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 234's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

#### Other Issue

##### Duplicate Receipts

Although it is infrequent that a member of Local 234 directly makes payments to the union, OLMS recommends that Local 234 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.

I want to extend my personal appreciation to Transport Workers Local 234 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: Willie Brown, President