



September 10, 2010

Mr. Chad Anson, Secretary-Treasurer
UTU Local 643
3311 Country Club Lane
Fort Madison, IA 52627

Case Number: [REDACTED]
LM Number: 008752

Dear Mr. Anson:

This office has recently completed an audit of UTU Local 643 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 September 3, 2010, 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 643's 2009 records revealed the following recordkeeping violations:

1. Lost Wages

Local 643 did not retain adequate documentation for lost wage reimbursement payments to Local Chairman Terry Dietsch totaling at least \$3,400. 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 Local 643 retained a voucher for each lost wage reimbursement payment to Mr. Dietsch; however, the required information mentioned above was not included on the majority of vouchers.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Anson advised OLMS that a report of the bills from the previous month was read and approved at each membership meeting. However, Local 643 did not hold a membership meeting in November or December 2009; therefore, disbursements for October and November 2009 were not authorized by membership.

3. Lack of Salary Authorization

Local 643 did not maintain records to verify that the salary and allowances for Local Chairman Larry Dietsch reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. 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.

Based on your assurance that Local 643 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 (Form LM-3) filed by Local 643 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Certificate of Deposit and Savings Account Reported As Investments

Local 643 improperly included the value of a certificate of deposit and a savings account as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit and monies in a savings account to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 643 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year.

Local 643 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 643 file an amended LM report for 2009 to correct the deficient items, but Local 643 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 643 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 audit, you advised that President Don Ray occasionally 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 Local 643 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UTU Local 643 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. Donald Ray, President