

U.S. Department of Labor

Office of Labor-Management Standards
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August 26, 2013

Mr. Garth Richards, Secretary-Treasurer
American Independent Cockpit Alliance

Case Number: 550-11721 [REDACTED]
LM Number: 537416

Dear Mr. Richards:

This office has recently completed an audit of American Independent Cockpit Alliance 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 Office Administrator Barbara Flynn on August 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 American Independent Cockpit Alliance's 2013 records revealed the following recordkeeping violations:

1. Lack of Authorization/Approval for Disbursements

During the opening interview, Secretary-Treasurer Richards stated that approval for disbursements was obtained through emails between officers of the alliance; however, a majority of these approval emails were not retained by the alliance. 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. Meal Expenses

The alliance did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$273.40. 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.

The alliance'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. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

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

Other Issues

1. Expense Policy

As I discussed during the exit interview with Secretary-Treasurer Richards and Office Administrator Flynn, the audit revealed that the alliance 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. Duplicate Receipts

Some members of the alliance pay dues and make donations directly to the union. Ms. Flynn records dues and donation payments in the union's receipts journal, but she does not issue receipts to the members. OLMS recommends that the alliance 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.

3. Use of Signature Stamp

During the audit, Richards advised that it is the alliance's practice for Office Administrator Flynn to stamp the signature of Secretary-Treasurer Garth Richards on union checks. Article II, Section 4(B)(1)(c) and Article II, Section 5(A)(2)(k) of the alliance's bylaws requires that checks be signed by the president and secretary-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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that the alliance review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to American Independent Cockpit Alliance 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Charles Long, President