



March 14, 2017

Mr. Thomas Voelker, Secretary-Treasurer
Locomotive Engineers Local 104
E 14213 31st Avenue
Spokane Valley, WA 99037-9484

Case Number: 530-6008934
LM Number: 512208

Dear Mr. Voelker:

This office has recently completed an audit of Locomotive Engineers Local 104 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 13, 2017, 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 104's 2015 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 104 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$968.95. For example, Local 104 was missing receipts for at least \$545.69 in reimbursed expenses and there was no union purpose for at least an additional \$423.26 in disbursements.

As 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. Lost Wages

Local 104 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$5,376.28. 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 104 maintained notations specifying that a railroad trip was missed for a specific amount of lost wages, but did not maintain records identifying the date(s) wages were lost, the specific trip(s) lost, the rate of pay for the trips missed, or the union purpose that caused the trips to be missed.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 104 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Lack of Salary Authorization

Local 104 did not maintain records to verify that the salaries and stipends 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 and any monthly stipend amount authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 104 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Signing Blank Checks

During the audit, you advised that the president signs blank checks as he is located in different state. 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 104 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Locomotive Engineers Local 104 for the

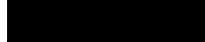
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cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator