U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 31, 2007

Mr. Robert Feichtinger, President
Locomotive Engineers, IBT, Division 549
11400 42nd Street NE
Spicer, Minnesota 56288-9431

Re: Case Number [redacted]

Dear Mr. Feichtinger:

This office has recently completed an audit of Locomotive Engineers, IBT, Division 549 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 Secretary Treasurer Dan Joneson on January 8, 2007, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, vouchers, and applicable resolutions, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The following recordkeeping violations were revealed during the audit of Division 549's 2005 records:

1. Failure to Maintain Adequate Records for Expenses

   The president and secretary treasurer of your union, who are required to sign your union's LM report, are responsible for the proper maintenance of union records. In the case of Division 549, the audit revealed that adequate documentation was not retained for some reimbursed expenses incurred by Chairman Lynn Rice. As an example, copies of cell phone bills were not retained to support expense voucher payments. In addition, one expense voucher lacked documentation for other expenses including office supplies and postage. The date, amount, and business purpose of every expense must be recorded on at least one union record. Mr. Joneson agreed during the exit interview to maintain all necessary records in the future.

2. Failure to Maintain Adequate Records for Lost Wages

   Division 549 failed to maintain adequate records to support some payments to officers for reimbursement of wages lost while conducting union business. As an example, Division 549 issued a payment to Chairman Lynn Rice for $166.83 after deductions. The voucher that supports this check identifies the date wages were lost, the gross amount lost, and indicates that the lost wages were related to Mr. Rice's attendance at a "union meeting." The voucher does not identify the hours lost or the wage rate used to calculate the total amount of the claim. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. With this letter, I have included a sample expense voucher Division 549 may use that identifies the type of information and documentation that must be maintained for lost wages and other officer expenses.

As agreed, provided that Division 549 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to Locomotive Engineers, IBT, Division 549 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[redacted]
Investigator

Enc: sample expense voucher
cc: Dan Joneson, Secretary Treasurer
LM: 025-232