

**U.S. Department of Labor**

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September 17, 2007

Mr. Garry Whitley, President  
Metal Trades Department AFL-CIO  
Atomic Trades & Labor Council  
P. O. Box 4068  
Oak Ridge, TN 37831

LM File Number 049-309

Case Number: [REDACTED]

Dear Mr. Whitley:

This office has recently completed an audit of the ATLCtomic Trades & Labor Council (ATLC) 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 Garry Whitley, Steve Jones, and W. E. Johnson on September 7, 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. The CAP disclosed the following violations:

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 the ATLC's 2004, 2005 & 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The ATLC did not retain adequate documentation for reimbursed expenses incurred by former officers during fiscal year ending December 31, 2004. For example, a former officer was reimbursed for the purchase of building supplies but the Council did not maintain a voucher or a receipt for the expenditure. The audit also disclosed that some former officers did not submit taxi fare receipts. In addition, while in travel status, one former officer was reimbursed for mileage, as well as taxi fare, but the expense voucher did not reflect the purpose of the taxi fare expense. Taxi fare expenditures should include a written explanation of the expense.

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. Meal Expenses

The ATLC did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$565.00 during the 2004 and 2005 fiscal years. 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 ATLC 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. For example, during the fiscal 2006, a former officer purchased his meals, as well as meals for another ATLC officer during a trip to Washington D. C. However, a few of the meal receipts did not include the name of the other officer. 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.

3. Lost Wages

The ATLC did not retain adequate documentation for lost wage reimbursement payments to union members who worked as voting machine tellers in the 2004 election totaling at least \$572.80. 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 the Council retained the checks and check stubs for these expenditures, but it failed to maintain the voucher.

4. Disposition of Property

The ATLC did not maintain an inventory of Lifestyle books sold during fiscal year 2006. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from the sale of the books.

5. Receipt Dates not Recorded

Entries in the ATLC's computerized receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money

was received could result in the union reporting some receipts for a different year than when it actually received them.

6. Information not Recorded in Meeting Minutes

During the audit, it was disclosed that the ATLC is a subcontractor for ATLC Medical Screening, which provides cancer screening to all nuclear plant employees. ATLC Medical Screening is funded by a federal grant through Queens College in New York. Although funds received for Medical Screening are kept separately from the banking account of the ATLC, all wages for Medical Screening employees are reported under the ATLC's tax identifying number and on its LM-2 report. In addition, the ATLC is responsible for managing and disbursing the funds of Medical Screening. Mr. Whitley advised OLMS that the ATLC does not seek Executive Board or membership approval for expenses paid from the funds of ATLC Medical Screening. During the 2006 audit year, former officers were reimbursed for traveling expenses to Washington D. C. trip at the expense of Medical Screening. However, the meeting minutes do not contain any reference to these expenditures. Since the ATLC is the subcontractor for Medical Screening and holds the responsibility for managing its funds, expenditures should be approved in accordance with the Atomic Trades and Labor Council bylaws.

7. Failure to Retain Receipt and Disbursement Records

The ATLC did not retain all general receipt and disbursement records. Former officers inadvertently purged the computerized receipt and disbursement journals for the period January 2004 through September 2004.

As previously noted, Title II, Section 206 of the LMRDA requires that labor organizations must 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. To prevent future violations of Section 206, you agreed that all data would be saved on an electronic media storage device before the data is purged from the computer hard drive. During the audit, Secretary-Treasurer Daniel Cantrell confirmed that he performs daily back-ups.

Based on your assurance that the ATLC 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 LM-2 Reports for fiscal years 2005 and 2006 were deficient in the following areas:

1. Disbursements to Officers

The ATLC did not include some reimbursements to officers in the appropriate columns on Schedule 11 (All Officers and Disbursements to Officers).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring ATLC to file an amended LM report for 2005 and 2006 to correct the deficient items, but ATLC has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violations

The audit disclosed the following other violation(s):

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 ATLC's officers and employees are currently bonded for \$100,000, but they must be bonded for at least \$185,330.13. The ATLC should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 9, 2007.

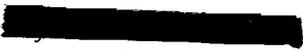
### Other Issues

#### Duplicate Receipts

During the 2006 audit year, the ATLC received proceeds from the sale of Lifestyle books in the form of cash. Former Secretary-Treasurer Kevin Ringley recorded the amount received from the sale in the computerized receipt journal of QuickBooks. In addition to not documenting the source of the funds and the date the funds were received, duplicate receipts were not issued. OLMS recommends that the ATLC 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 the ATLC 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: Daniel Cantrell, Secretary-Treasurer