U.S. Department of Labor

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July 17, 2007

Mr. Todd Wuerdeman, Treasurer
UTU Local 14
300 Susanna Way
New Richmond, OH 45157

LM File Number: 002-500
Case Number: [redacted]

Dear Mr. Wuerdeman:

This office has recently completed an audit of UTU Local 14 under the Compliance Audit Program (CAP) to determine the 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 June 11, 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 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 1517's 2006 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

   Local 1517 did not retain adequate documentation for reimbursed expenses incurred by former Treasurer Bruce Baker totaling at least $700. Mr. Baker failed to maintain receipts in support of payments for expenses totaling $240.45. In addition, Mr. Baker lacked original bills for Internet claims and often turned in an advertised price for his Internet usage. Also, Mr. Baker claimed $81.87 in duplicate expenses with a Staples receipt for $77.23 that was claimed in February and May and a United States Postal Service receipt for $4.64 that was claimed in August and September.

   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

   Local 1517'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. For example, Local Chairman Terry Collett's meal expenses in December 2006 totaling $20.26 did not contain an explanation about what union business was conducted or who was present for the meal. 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. Reimbursed Auto Expenses

   Treasurer Baker, who received reimbursement for business use of his personal vehicle, did not retain adequate documentation to support payments to him totaling at least $264.24 during 2006. Mr. Baker did not maintain a log for seven months of expenses totaling $40.40 and did not produce a log for one trip to Cleveland, Ohio. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record

must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Lack of Salary Authorization

Local 1517 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 paid to Mr. Baker and Mr. John Hammons were the authorized amount and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

5. Fixed Assets

Local 1517 did not maintain records to verify the assets owned by the union. The audit revealed that the union owned a computer, a printer, a fax, and a USB portable storage device. The union must maintain a record, such as an asset inventory list, to show what assets are owned by the union.

Based on your assurance that Local 14 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 1517 for fiscal year ending December 31, 2006 was deficient in the following areas:

1. Disbursements to Officers

Local 1517 did not include some reimbursements to officers totaling at least $160.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, Mr. Hammons received checks [redacted] in the amount of $78.50 and [redacted] in the amount of $81.50 for dues refunds, but nothing was reported for him in Item 24. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

Local 1517 did not report the names of some officers, specifically Ms. Jessica Dietz,

and the total amounts of payments to her or on her behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1517 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Reconciliation

The cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. A $0.00 balance was reported in Item 25 for the end of the reporting period, but the union's bank account had a $381.35 balance on December 31, 2006. Furthermore, the union indicated on the terminal financial report that Local 1517 closed effective December 31, 2006, but funds were deposited and disbursed from the local's checking account until June 2007.

3. Terminal Report

Unions must report a detailed statement of the reason an organization ceased to exist and plans for the disposition of the organization's cash and other assets on a terminal financial report. In addition, the name and address of the person or organization that will retain the records of the terminated organization must be reported in Item 56 (Additional Information). Local 1517's terminal report did not contain this required information.

I am not requiring that Local 1517 file an amended LM report for 2006 to correct the deficient items, but Local 14 has agreed to properly report the deficient items on all

future reports it files with OLMS.

Other Issue

Expense Policy

As I discussed during the exit interview with you, the audit revealed that Local 1517 did not have a clear policy regarding the types of expenses personnel could claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to UTU Locals 14, 1517, and 1917 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,

[redacted]
Investigator