



Sent via email to [REDACTED] & [REDACTED]

December 10, 2020

Mr. Michael Bauer, President
Mine Workers, AFL-CIO
Local 1101

Case Number: 320-6019766 [REDACTED]
LM Number: 051031

Dear Mr. Bauer:

This office has recently completed an audit of Mine Workers Local 1101 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 Financial Secretary Marvin Bauer on December 3, 2020, 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 Violation

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 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 1101's 2019 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Local 1101 did retain adequate documentation for reimbursed expenses incurred by Financial Secretary Bauer and members [REDACTED] and [REDACTED] totaling at least \$1,990. For example, adequate supporting documentation was not retained for reimbursements totaling

\$1,906.07 paid to [REDACTED] for travel expenses he and [REDACTED] incurred attending a bankruptcy hearing in Houston, TX in December 2018. In support of these expenses, Local 1101 retained an expense voucher, but that was not sufficient because no receipts were retained for transportation expenses totaling \$1,102.60, an incomplete receipt was retained for lodging charges totaling \$749.34, and only a credit card signature receipt was retained for \$54.13 meal expense. During the audit, [REDACTED] was able provide OLMS with his personal credit card statement showing the charges he made to Expedia for lodging and Delta Airlines for [REDACTED] airfare; however, this is still insufficient documentation for these expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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.

Based on your assurance that Local 1101 will retain adequate supporting documentation in the future, OLMS will take no further enforcement action this time regarding the above violation.

Other Issues

1. Reimbursed Expense and Lost Wage Policies

During the audit year, Local 1101 made payments totaling at least \$9,112 to officers and members for lost time, "non-lost time" (wages paid to members for conducting union business during their personal time), and other expenses they incurred to conduct union business; however, the union does not have written policies that document its expense and lost time/non-lost time reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments and travel expenses. OLMS recommends that unions (1) adopt clear policies and procedures for making a lost time or similar payments and (2) use vouchers that require detailed information to support lost time payments and travel expenses. These practices will allow the union to properly report lost time payments on the Labor Organization Annual Report, Form LM-3.

OLMS recommends that the union's policies and procedures for lost wages and expenses be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for

handling payments for lost time and other expenses. You may want to have your union's trustees or auditors compare the steps taken to pay lost time and other expenses with the union's policies to make sure that all required procedures are being followed.

2. Pre-signing Checks

At the opening interview, you and Financial Secretary Bauer stated that all checks issued by Local 1101 are required to be signed by the president and financial secretary. However, you further stated that you occasionally pre-signed checks if Mr. Bauer needed to make a payment during a time that you wouldn't be available to sign the check.

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 strongly recommends that Local 1101 reviews these procedures to improve internal control of union funds. At the exit interview, you stated that you will stop pre-signing checks and ensure that this practice does not take place in the future.

I want to extend my personal appreciation to Mine Workers Local 1101 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: Mr. Marvin Bauer, Financial Secretary