

U.S. Department of Labor

Office of Labor-Management Standards
Atlanta-Nashville District Office
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW, Suite 16T10
Atlanta, GA 30303
(404) 562-2083 Fax: (404) 562-2087



April 15, 2022

Martin Leavell, Treasurer
Civilian Technicians Asn IND
Tennessee State Council for Air
2586 Sulgrave Cove
Memphis, TN 38119-7726

Case Number: 410-6019914
LM Number: 543611

Dear Martin Leavell:

This office has recently completed an audit of Civilian Technicians Asn IND Tennessee State Council for Air under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you on March 21, 2022, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 Tennessee State Council for Air's 2018 through 2020 records revealed the following recordkeeping violations:

General Reimbursed and Debit Card Expenses

Tennessee State Council for Air did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by President [REDACTED], Vice President [REDACTED], and Treasurer Martin Leavell totaling at least \$5,168.48. For example:

Check number [REDACTED] was written to [REDACTED] on January 2, 2018 for \$365.65. The memo line states it was "Corrected from check [REDACTED]." There was no supporting documentation or authorization to show the purpose of the disbursement.

Check number [REDACTED] was written to [REDACTED] on June 7, 2018 for \$390.40. The memo line states it was written for "Mileage/per diem Spr. Rally." There was no supporting documentation or authorization to show the purpose of the disbursement.

Check number [REDACTED] was written to [REDACTED] on December 4, 2018 for \$247.50. The memo line states it was for "Contract negotiations 22-26 October 2018." Though emails provided indicate there were additional contract negotiations in Smyrna, TN in October 2018, there was no supporting documentation or authorization for the trip or disbursement.

On May 23, 2018, debit card [REDACTED] was used for three separate hotel purchases for \$515.92 each at a Comfort Inn in Smyrna, TN. There were no receipts or invoices for the purchases.

On September 17, 2018, debit card [REDACTED] was used to make an ATM withdrawal for \$202.75 at Kroger in Southaven, MS. No ATM receipt was maintained. No documentation was provided to show the purpose or authorization for the withdrawal.

On October 24, 2018, debit card [REDACTED] was used for two purchases at Comfort Suites for \$511.24 each in Smyrna, TN. There were no receipts or invoices for the purchases.

Tennessee Association of Civilian Technicians Bylaws, Article V, Section 1 states all bills for disbursement over one hundred dollars shall be approved by the State Council before presentation to the Treasurer for payment. No documentation was provided to verify the approval of any disbursements in accordance with the bylaws.

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-4 report, are responsible for properly maintaining union records.

Meal Expenses

Tennessee State Council for Air did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$131.96. 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.

On May 29, 2018, debit card [REDACTED] was used for \$89.45 at Longhorn Steakhouse in Smyrna, TN. No receipt was maintained.

On October 29, 2018, debit card [REDACTED] was used for \$42.51 at Chick-Fil-A in Smyrna, TN. No receipt was maintained.

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.

Information not Recorded in Meeting Minutes

The audit revealed Tennessee State Council for Air did not record or maintain executive board meeting minutes or other correspondence and documentation to support the disbursement of any union funds during the audit period. During fiscal years ending December 31, 2018; December 31, 2019; and December 31, 2020; Tennessee State Council for Air failed to maintain records that would have recorded discussions of expenses, and authorization or approval for disbursement of funds. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file the Tennessee State Council for Air's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Reports Form LM-4 filed by the Tennessee State Council for Air for the fiscal years ending December 31, 2018; December 31, 2019; and December 31, 2020 were deficient in the following area:

Cash Reconciliation

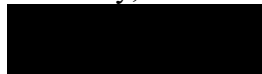
It appears that the cash figures reported in Item 14 (Assets) are not the figures according to the Tennessee State Council for Air's books after reconciliation to the bank statements. During fiscal years ending December 31, 2018; December 31, 2019; and December 31, 2020; the Tennessee State Council for Air did not maintain a general ledger, disbursements journal, or receipts journal to account for the union's assets. The union relied upon the accuracy of the monthly bank statements in order to reconcile the union's accounts, resulting in a lack of internal financial controls. The instructions for the Labor Organization Annual Report Form LM-4 states officers required to file the LM-4 are responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain, or clarify the report must be retained, including but not limited to, vouchers, worksheets, receipts, and applicable resolutions, and any electronic documents including recordkeeping software, used to complete, read, and file the report.

Tennessee Association of Civilian Technicians Bylaws, Article IV, Sections 3 & 4 state the secretary shall be responsible for the custody of all official papers of the State Council and the records of the proceedings, and be able to keep accurate and complete records. The treasurer shall be responsible for keeping an accurate account of all receipts and expenditures and of all monies. The treasurer shall submit an itemized report at each meeting.

I am not requiring that the Tennessee State Council for Air file an amended LM-4 report for 2018 through 2020 to correct the deficient items, but the Tennessee State Council for Air has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Civilian Technicians Asn IND Tennessee State Council for Air 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