



March 28, 2024

Mr. Brian J. Most, Treasurer
National Air Traffic Controllers Association Local D10
PO Box 610368
DFW Airport, TX 75261-0809

Case Number: 420-6027988()
LM Number: 530241

Dear Mr. Most:

This office has recently completed an audit of National Air Traffic Controllers Association (NATCA) Local D10 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, President Andrew Strunk, and Former President Steven Prichard on March 28, 2024, 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 organizations 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 Local D10's 2022 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local D10 did not record in its receipts records beverage sales from a vending machine. Local D10 kept no record of beverage sales income or expenditures, so the amount of income is unknown. Union receipts records must include adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Meal Expenses

Local D10 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$571.32. 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.

3. Disposition of Property

Local D10 did not maintain an inventory of property it disposed. Six items listed on Local D10's property and asset lists totaling \$1,100.23 in purchase costs could not be located. Treasurer Most stated he believed these items were broken and discarded as trash. The union must report the value of any union property on hand at the beginning and end of each year in Item 29 (Fixed Assets) of the LM-3. 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 29. The union must record in at least one record the date received, cost, and date and means of disposal of union property.

Based on your assurance that Local D10 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 violations of this requirement. The Labor Organization Annual Report Form LM-3 filed by Local D10 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Other Receipts

Local D10 failed to report all receipts for a beverage vending machine in Item 43 (Other Receipts). The union must enter in Item 43 all receipts other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties.

2. Office and Administrative Expense

Local D10 failed to report all disbursements for a beverage vending machine in Item 48 (Office and Administrative Expense). The union must enter in Item 54 total disbursements for disbursements not reported in Items 45 through 53 including supplies for resale.

3. Disbursements to Officers (LM-3)

Local D10 did not include some reimbursements to officers totaling at least \$479.65 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48. For example, checks █████ in the amount of \$294.40 and █████ in the amount of \$61.82 were written to John Turke. The 2022 LM-3 lists John Turke as Vice President, and shows he received no salary, allowances, or other disbursements.

The union must report most direct disbursements to Local D10 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).

I am not requiring that Local D10 file an amended LM report for 2022 to correct the deficient items, but Local D10 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Countersignature

Local D10 did not ensure all checks were countersigned. Check █████ has only one signature (which appears consistent with Treasurer Brian Most) and is missing a countersignature. NATCA Local D10 Constitution Article VIII, Section 1. states, "All checks drafted on the funds of the Local shall require two signatures." 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. OLMS recommends ensuring all disbursement checks contain a countersignature to improve internal controls of union funds.

I want to extend my personal appreciation to NATCA 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. Steven Prichard
Mr. Andrew Strunk