

U.S. Department of Labor

Employment Standards Administration
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September 10, 2007

Mr. Samuel Hendrix, Treasurer
UTU, Local 117
12304 NW 15th Avenue
Vancouver, WA 98685

LM File Number: 040-643

Case Number: [REDACTED]

Dear Treasurer Hendrix:

This office has recently completed an audit of UTU, Local 117 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 on August 3, 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 of the LMRDA requires, among other things, that labor organizations maintain adequate records for at least 5 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 recipients 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 117's 2006 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 117 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$840. For example, you did not maintain some receipts while using the VISA card assigned to you for travel expenses during the Western Regional meeting, the purchase of shirts and hats, and assorted computer software.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer 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 117 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 117 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Failure to File By-Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 117 amended their bylaws in 1993 and forwarded to the international, but the bylaws were not available in the Office of Disclosure.

2. Fixed Assets

During the audit year, the union owned several computers and related software and failed to include its value in the amount of fixed assets reported in Item 29 of the LM-3 report filed for 2006. The book value at the start and end of the reporting period of all fixed assets such as computer equipment must be reported. The book value of fixed assets is cost less depreciation.

I am not requiring that Local 117 file an amended LM report for 2006 to correct the deficient items, but Local 117 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

During the audit, you advised that it is Local 117's practice to stamp the signature of your president on union checks because of the distance between your residences. You also indicated you are the only one who reviews the checks before they are issued. Article 64 of UTU Constitution requires that checks be signed by the president and treasurer. 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, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 117 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UTU, Local 117 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,



Supervisory Investigator

cc: Mr. Mark Flanigan, President