

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Milwaukee District Office
310 West Wisconsin Avenue, Suite 1160
Milwaukee, WI 53203
(414)297-1501 Fax: (414)297-1685



September 29, 2008

Mr. John Hirschbeck, President
World Umpires Association
8730 Raintree Run
Poland, OH 44514-2987

LM File Number: 541-736
Case Number: [REDACTED]

Dear Mr. Hirschbeck:

This office has recently completed an audit of World Umpires Association (WUA) 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 Administrator Phil Janssen on September 29, 2008, 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 WUA's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

WUA did not retain adequate documentation for reimbursed expenses incurred by union officers and Administrator Phil Janssen totaling at least \$10,692.36. For example, you received four checks, totaling \$3,876.80, in which no documentation was retained. During the audit, WUA officers provided supporting information for most of those undocumented charges. LMRDA Section 206 does not provide a minimum amount under which receipts are not required to be retained. Therefore, supporting documentation must be retained for all reimbursed expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

WUA did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$721.85. Itemized receipts provided by restaurants to officers and employees must be maintained. 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. In addition, Section 206 requires that 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. Cell Phone Bills

During the audit year, you, Vice President Tim Welke, Secretary Treasurer Jerry Layne, and Administrator Phil Janssen were reimbursed for a portion or entire personal cellular phone bill. However, Mr. Layne and Mr. Janssen failed to submit adequate documentation to WUA during 2007 for reimbursement of their personal

cell phone bills, by submitting only photocopies of their personal bills or by submitting only the summary page of their bills.

If WUA pays for any business calls made from an individual's personal cell phone, or pays the entire bill, either as a direct payment to the telephone company or as a reimbursement to the individual, WUA must retain the original telephone bills. In addition, the documentation retained must clearly note the charges paid by WUA.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file World Umpire Association'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.

Other Issues

1. Signing Blank Checks

During the audit, Administrator Janssen advised that you sign blank checks. 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 recommends that WUA review these procedures to improve internal control of union funds.

2. Duplicate Reimbursed Expenses

The audit revealed one instance in which Administrator Phil Janssen received a duplicate payment for the same expense. On November 11, 2007, check number [REDACTED] reimbursed Mr. Janssen for a portion of his September cell phone bill, in the amount of \$68. The following month, Mr. Janssen submitted an expenses voucher and was reimbursed for his cell phone allowance for September, October and November. Therefore, Mr. Janssen received duplicate payments for his September cell phone bill.

Administrator Janssen stated this duplicate payment was in error. If Mr. Janssen repays any amount to WUA I would appreciate it if you would provide some evidence of that payment to me.

OLMS recommends, when possible, that checks be written directly to vendors. Since the payee of these checks is an employee, the reimbursements are considered direct disbursements for reporting purposes and must be included in the amount reported next to Mr. Janssen's name in Schedule 12, Column F (Disbursements for Official Business). If the disbursements were written directly to the vendor these disbursements would be reported in Schedules 15 through 19. OLMS recommends that WUA review its disbursement policies and expenses review procedures to improve internal control of union funds.

I want to extend my personal appreciation to World Umpires Association 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. Phil Janssen, Administrator
Mr. Jerry Layne, Secretary Treasurer
Mr. Tim Welke, Vice President