

U.S. Department of Labor

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August 14,2008

Mr. Stephen Powers, Secretary-Treasurer
Transportation Union Ind.
Local 94
7106 Cleveland Avenue
Kansas City, KS 66109

LM File Number 036-926

Case Number: [REDACTED]

Dear Mr. Powers:

This office has recently completed an audit of Transportation Union Local 94 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 13,2008, 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 Local 94's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 94 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$5,465. For example, Local Chairman C. E. Smith incurred expenses for \$296.31 on January 10, 2007. Smith was reimbursed for this expense, but the receipt was not in Local 94's records.

As previously 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 report, are responsible for properly maintaining union records.

2. Lost Wages

Local 94 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$13,300. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 94 did not specify each date on which lost wages were incurred.

3. Lack of Salary Authorization

Local 94 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 94 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 94 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 94 did not include some reimbursements to officers totaling at least \$5,465 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

Local 94 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 94 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).

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The

instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

As explained during the exit interview, receipts should be reported in the year in which they are received. On the 2007 LM-3 report, Local 94 reported \$21,266 in Item 25(A) (Start of Reporting Period Cash). The local should have included four deposits from 2006 totaling \$33,072 in Item 25(B) (End of Reporting Period Cash) for fiscal year 2006, thereby increasing Item 25(A) to \$54,338 on the 2007 LM-3 report.

3. Delinquent Report

Local 94 did not file the annual LM-3 report within the specified time frame. Form LM-3 must be filed within 90 days after the end of your organization's fiscal year.

Local 94 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I provided you with a blank form and instructions and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 22, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Transportation Union Local 94 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: C. E. Fitz, President