

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 5, 2009

Mr. Steven Johnson, Secretary Treasurer
Locomotive Engineers, IBT AFL-CIO
Division 118
178 Holiday Drive
Edwardsville, IL 62025-5318

LM File Number 530-747
Case Number: [REDACTED]

Dear Mr. Johnson:

This office has recently completed an audit of Locomotive Engineers Division 118 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 4, 2009, 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 Division 118's 2008 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Division 118's checkbook register reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Failure to Maintain Disbursement Records

Division 118 did not retain adequate documentation for expenses incurred by union officers totaling at least \$187.04. For example, Check Number [REDACTED] for \$64.47 written on March 18, 2008 to Office Max; and Check Number [REDACTED] for \$122.57 written on March 19, 2008 to Office Max.

As previously noted, 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership approves officers' salaries and union disbursements at the monthly membership meetings.

However, the minutes of the meetings do not contain any reference to those issues. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

4. Lack of Salary Authorization

Division 118 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Division 118 created "Standing Rules" to govern the proceedings of the union. It states that each Standing Rule should contain the date effective and be undersigned by the Division President and either the Local Chairman, or the Secretary-Treasurer. Standing Rule #5 that entitles the Chairman to an additional \$100.00 per month above the provisions of Standing Rule #1 was never signed. 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.

5. Lost Wages

Division 118 did not retain adequate documentation for lost wage reimbursement payments to you totaling at least \$438.32. 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 Division 118 did not identify the date, the number of hours lost, and the rate of pay.

During the exit interview, I provided a sample of an expense voucher Division 118 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Division 118 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Mr. Steven Johnson
August 5, 2009
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I want to extend my personal appreciation to Locomotive Engineers Division 118 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,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator