

U.S. Department of Labor

Office of Labor-Management Standards
Cincinnati District Office
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August 11, 2009

Mr. Darren Thayer, Treasurer
Vending Machine Serviceman's Union
8834 Davies Road
Dillsboro, IN 47018

LM File Number: 541-802
Case Number: [REDACTED]

Dear Mr. Thayer:

This office has completed an audit of Vending Machine Serviceman's Union 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 July 31, 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 Violation

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 Vending Machine Serviceman's Union's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Vending Machine Serviceman's Union did not retain adequate documentation for a lost wage reimbursement payment to you totaling \$87.20. 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 audit found that the Vending Machine Serviceman's Union failed to maintain any documentation regarding this lost time payment.

I provided a sample of an expense voucher you 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 Vending Machine Serviceman's Union will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

1. Failure to File Bylaws

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. Vending Machine Serviceman's Union amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

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Vending Machine Serviceman's Union has now filed a copy of its constitution and bylaws.

Other Issue

1. Signing Blank Checks

During the audit, you advised that Jim Peters signs blank checks. Your union's bylaws require that all 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, 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 Vending Machine Serviceman's Union review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Vending Machine Serviceman's Union for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you pass on to future officers this letter and the compliance assistance materials provided to you. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: President Jim Peters